

# Request for Proposals



Department of Executive Services  
Finance and Business Operations Division  
**Procurement and Contract Services Section**  
206-684-1681 TTY Relay: 711

**Advertised Date: August 4, 2005**

**RFP Title: King County Pharmacy Benefits Program**

**RFP Number: 05-007OB**

**Due Date: September 13, 2005 - 2:00 P.M.**

**Buyer:** Ovita Bonadie, [ovita.bonadie@metrokc.gov](mailto:ovita.bonadie@metrokc.gov), 206-684-1055

*This Contract will be funded in part by the Federal Transit Administration (FTA). Neither FTA nor the Federal Government is party to any sub-agreement nor to any solicitation or requests for proposals.*

## Pre-proposal Conference:

A Pre-proposal Conference will be held at 9:30 a.m. (PST) on **August 16, 2005**, at the Exchange Building, 821 Second Avenue, 6th Floor, Room 6A, Seattle, Washington. All prospective Proposers are strongly encouraged to attend.

Proposals are hereby solicited and will **ONLY** be received by:

**King County Procurement Services Section**  
**Exchange Building, 8<sup>th</sup> Floor**  
**M/S EXE-ES-0871**  
**821 Second Avenue**  
**Seattle, WA 98104-1598**

Office Hours: 8:00 a.m. - 5:00 p.m.  
Monday - Friday

**Contract Number:** \_\_\_\_\_

**Federal Tax ID:** \_\_\_\_\_

**Amount:** \_\_\_\_\_

**Duration:** \_\_\_\_\_

**Services Provided:** \_\_\_\_\_

**Contractor:** \_\_\_\_\_

**Requesting Dept.:** \_\_\_\_\_

**Fund Source:** \_\_\_\_\_

**To:** \_\_\_\_\_

**This Request for Proposal will be provided in alternative formats such as Braille, large print, audio cassette or computer disk for individuals with disabilities upon request.**

**CONTRACT**

THIS CONTRACT, made this \_\_\_\_\_ Day of \_\_\_\_\_, 20\_\_\_\_, by and between King County, Washington, (hereinafter "County") and \_\_\_\_\_ (hereinafter "Contractor").

WITNESSETH:

WHEREAS, the County has caused Contract documents for:

**RFP No.: 05-007OB**

**Contract No.:** \_\_\_\_\_

**Contract Title: King County Pharmacy Benefits Program**

to be prepared for certain Work as described therein; and

WHEREAS, the Contractor has assured the County that it has the specialized expertise and experience necessary to properly Provide the goods and Services in a timely manner and that its Proposal includes all of the functions and features required for the goods and Services; and

WHEREAS, the County has accepted the Contractor's offer to Provide the goods and Services in accordance with the Contract's terms, Specifications and Proposal documents;

WHEREAS, by executing this Contract, the Contractor represents that the waiver of the Contractor's immunity under industrial insurance, Title 51 RCW, as set forth in the Contract documents was mutually negotiated by the parties;

NOW THEREFORE, in consideration of the mutual covenants and agreements of the parties herein contained and to be performed, the Contractor hereby agrees to supply the goods and Services at the price and on the terms and conditions herein contained, and to assume and perform all of the covenants and conditions herein required of the Contractor, and the County agrees to pay the Contractor the Contract price Provided herein for the supply of the goods and Services and the performance of the covenants set forth herein.

THE FURTHER TERMS, CONDITIONS AND COVENANTS of the Contract are set forth in the following exhibit parts each of which is attached hereto and by this reference made a part hereof in the following order of precedence; Change Orders; the Contract Document which includes: Standard Contractual Terms and Conditions, Specific Contractual Terms and Conditions, Insurance Requirements, Federal Transit Administration (FTA) Requirements, Specifications, Contract Administration, Introduction, Attachments **A)** Proposal Response Form, **B)** Price Proposal, **D)** Personnel Inventory Report, **E)** Affidavit and Certificate of Compliance, **F)** Equal Benefits Compliance Declaration, **G)** Current or Former King County Employee Disclosure Form, **I)** Certificate of Lobbying Activities, **J)** Disclosure Form to Report Lobbying and Instructions, **K)** Certification Regarding Debarment, Suspension and Other Responsibility Matters – Primary Covered Transactions, **L)** Certification Regarding Debarment, Suspension and Other Ineligibility and Voluntary Exclusion – Lower-Tier Covered Transactions, **N)** 504/ADA Assurance of Compliance, RFP Addenda; Request for Proposals; Best and Final Offer; and the Proposal.

**COMPANY NAME:** \_\_\_\_\_

**ACCEPTED BY:** \_\_\_\_\_

**KING COUNTY APPROVED BY:** \_\_\_\_\_

\_\_\_\_\_  
Authorized signature

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
*Name and Title (Print or Type)*

\_\_\_\_\_  
*Name and Title (Print or Type)*

**DATE ACCEPTED:** \_\_\_\_\_

**DATE APPROVED:** \_\_\_\_\_



**King County**

**ATTACHMENT A**

**PROPOSAL RESPONSE FORM**

**RFP NO: 05-007OB**

**Proposer's Declarations and Statement of Understanding**

The undersigned (hereinafter called the "Proposer") declares that he/she has read the RFP and has authority to submit the following Proposal. The Proposer understands that, in addition to this Proposal Response Form, the RFP and Proposer's supporting documents constitute parts of the Proposal and are incorporated herein by reference. Proposer acknowledges that Addenda numbers \_\_\_\_\_ through \_\_\_\_\_ have been delivered and have been taken into account as part of this Proposal, and that all Addenda issued are hereby made part of our Proposal.

Proposer hereby designates \_\_\_\_\_, Telephone No: \_\_\_\_\_  
as the Person to contact for additional information about our Proposal.

E-Mail Address: \_\_\_\_\_ Fax No: \_\_\_\_\_

**DECLARATION**

By signing this Proposal, I hereby declare, under penalty of perjury under the laws of the United States that the following statements are true and correct:

1. The undersigned Person(s), firm, association or corporation has (have) not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with the project for which this Proposal is submitted.
2. By signing the signature page of this Proposal, the undersigned business organization is deemed to have signed and agreed to the provisions of this declaration, and authorized the signature below.
3. In preparing this Proposal, the Proposer has not been assisted by any current or former employee of the County whose duties relate now or have related in the past to this Proposal or prospective agreement, and who was assisting in other than his or her official public capacity. Neither does such a Person nor any member of his or her immediate family have any financial interest in the outcome of this Proposal. Any exceptions to these assurances are described in full detail on a separate page and attached to this Proposal Response Form.

**Internal Revenue Service (IRS) Reporting Requirements**

Check one: Corporation; Partnership; Sole Proprietor; Other \_\_\_\_\_

Identify: State of Incorporation: \_\_\_\_\_

Provide one: Federal Tax Number \_\_\_\_\_ Social Security Number \_\_\_\_\_

Identify: UBI Number \_\_\_\_\_ Business License Number \_\_\_\_\_

What is the official name registered with the IRS for this number:

Firm Name: \_\_\_\_\_

Check one:

☐ Proposer accepts all Contractual terms and conditions.

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

☐ Proposer does not accept all contractual terms and conditions. Explanation must be included with proposal and may impact vendor selection.

Phone Number: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

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## **Article II. DEFINITION OF WORDS AND TERMS**

Words and terms Shall be given their ordinary and usual meanings. Where used in the Contract documents, the following words and terms Shall have the meanings indicated. The meanings Shall be applicable to the singular, plural, masculine, feminine and neuter of the words and terms.

Acceptance: Formal action of the County in determining that the Contractor's Work has been completed in accordance with the Contract.

Act of Nature: A cataclysmic phenomenon of nature, such as an earthquake, flood or cyclone.

Addenda: Written additions, deletions, clarification, interpretations, modifications or corrections to the Contract documents issued by the County during the Proposal period and prior to the date and time established for submittal of Proposals.

Best and Final Offer: Best and Final Offer Shall consist of the Proposer's revised Proposal, the supplemental information and the Proposer's Best and Final Offer. In the event of any conflict or inconsistency in the items submitted by the Proposer, the items submitted last Will govern.

Buyer: Individual designated by King County to conduct the Contract solicitation process, draft and negotiate contracts, resolve contractual issues and support the Project Manager during Contract performance.

Change Order: Written order issued by the County, with or without notice to sureties, making changes in the Work within the scope of this Contract.

Contract or Contract Documents: The writings and drawings embodying the legally binding obligations between the County and the Contractor for completion of the Services or Work under the Contract as set forth on Page i of this document.

Contract Administrator: The individual designated by the County to administer the Contract and be the Contractor's primary point of contact. The Contract administrator Will approve orders, receipts, invoices and document the Contractor's performance. This Person may be the Project Manager.

Contract Price: Amount payable to the Contractor under the terms and conditions of the Contract for the satisfactory performance of the Services under the Contract.

Contract Period: The period of time during which the Contractor Shall perform the Services or Work under the Contract.

Contract Time: Number of calendar Days and/or the intermediate and final completion dates stated in the Contract documents for the completion of the Work specified herein.

Contractor: The individual, association, partnership, firm, company, corporation, or combination thereof, including joint venturers, Contracting with the County for the performance of Services or Work under the Contract.

Contractor's Representative: The individual designated in writing by the Contractor to act on its behalf under this Contract.

Cost Analysis: The review and evaluation of the separate cost elements and proposed profit of the Vendor's/Contractor's cost or pricing data. Cost analysis is the application of judgment utilizing criteria to project from the data to the estimated costs in order to form an opinion on the degree to which the proposed costs represent what the Contract should cost, assuming reasonable economy and efficiency.

Criteria, Evaluation Criteria or Evaluation Factors: The elements cited in the RFP that the County Will examine to determine the Proposers understanding of the requirements; technical, business and management approach; key Personnel; qualification and experience of the Proposer; potential for successfully accomplishing the Contract; risk allocation and the probable cost to the County.

Day: Calendar Day.

Documentation: Technical publications relating to the use of the Services to be Provided by Contractor under this Contract, such as reference, user, installation, systems administration and technical guides, delivered by the Contractor to King County.

Executive: King County Executive

Month: The period commencing on the first Day of a calendar Month and ending on the first Day of the next succeeding calendar Month.

Person: Includes individuals, associations, firms, companies, corporations, partnerships, and joint ventures.

Price Analysis: The process of examining and evaluating a proposed price without evaluating its separate cost elements and proposed profit.

Project Manager: The individual designated by the County to manage the project on a daily basis and who may represent the County for Contract administration. This Contract may be part of a larger County project.

Proposal Evaluation Team (PET): Team of people appointed by the County to evaluate the Proposals, conduct discussions, call for Best and Final Offers, score the Proposals and make recommendations.

Proposed Work Change (PWC): A written document issued by the Project Manager, or his/her designee, to the Proposer identifying contemplated changes in the Work and requesting a price estimate from the Contractor; such a document Shall not be interpreted or construed to constitute a Change Order.

Proposer: Individual, association, partnership, firm, company, corporation or a combination thereof, including joint ventures, submitting a Proposal to perform the Work.

Proposer's Representative: The individual designated in writing by the Proposer to act on its behalf under this Contract.

Provide: Furnish without additional charge.

RCW: The Revised Code of Washington.

RFP: Request for Proposals. Also known as the solicitation document.

Reference Documents: Reports, Specifications, and drawings which are available to Proposers for information and reference in preparing Proposals but not as part of this Contract.

Services: The furnishing of labor, time or effort by a Contractor, not involving the delivery of any specific end product. Work performed to meet a demand, especially Work not connected with a manufacturing process.

Shall or Will: Whenever used to stipulate anything, Shall or Will means mandatory by either the Contractor or the County, as applicable, and means that the Contractor or the County, as applicable, has thereby entered into a covenant with the other party to do or perform the same.

Specifications or Technical Specifications: A Section of the Request for Proposals consisting of written descriptions of Services to be performed or of the technical requirements to be fulfilled under this Contract.

Subcontractor: The individual, association, partnership, firm, company, corporation, or joint venture entering into an agreement with the Contractor to perform any portion of the Work covered by this Contract.

Submittals: Information which is submitted to the Project Manager in accordance with the Technical Specifications.

Subsection: For reference or citation purposes, Subsection Shall refer to the paragraph, or paragraphs, called out by part, section and alphanumeric designator

Work: Everything to be done and Provided for the fulfillment of the Contract.



# **KING COUNTY PHARMACY BENEFITS PROGRAM**

**RFP # 05-007OB**

**Article III.**

## **1 SECTION - PROPOSAL PREPARATION**

### **1.1 Introduction**

This Request for Proposal (RFP) is issued by King County for purposes of requesting proposals to provide services as described in Section 7, which will provide Pharmacy Benefits for the King County/Metro consolidated employee benefit program.

### **1.2 Proposal Submission**

Proposals Shall contain all required attachments and information, be sealed and submitted to King County (hereinafter "County"), Procurement and Contract Services Section, Mailstop EXC-FI-0871, Eighth Floor, Exchange Building, 821 Second Avenue, Seattle, Washington 98104-1598 no later than 2:00 p.m. Seattle time on September 13, 2005.

The County reserves the right to request oral interviews, additional information, site visits, or any other type of clarification of Proposal information it deems necessary to evaluate Proposals.

### **1.3 Proposal Signature**

Each Proposal Shall be signed by the Proposer or the Proposer's authorized representative and include the Proposer's address. If the Proposal is made by an individual, the name, signature and post office address must be shown; if made by a partnership or joint venture, the name and post office address of the partnership or joint venture and the signature of at least one of the general partners or authorized joint venture partners must be shown; if made by a corporation, the name of the state under the laws of which the corporation is chartered, the name and post office address of the corporation and the title of the Person who signs on behalf of the corporation must be shown.

### **1.4 Addenda**

Each Proposal Response Form, Attachment A, Shall include acknowledgment of receipt and review of all Addenda issued during the Proposal period.

### **1.5 Schedule**

<b><u>Day/Month/Year</u></b>	<b><u>Event</u></b>
August 4, 2005	Public announcement of Request for Proposals
August 11, 2005	Pre-proposal questions due, in writing
August 16, 2005	Pre-proposal conference per Subsection 1.7
August 25, 2005	Letter of Intent and last questions due in writing, per Subsection 1-8 and Subsection 1-9
September 13, 2005	Proposals due
September 14, 2005	Evaluation/Negotiation of Proposals begins.
*January 3, 2006	Begin finalist Interviews and Onsite Meetings
*January 27, 2006	Evaluation/Negotiation complete
*February 1, 2006	Execute Contract and issue Notice to Proceed

During evaluations/negotiations, firms with Proposals judged unacceptable Will be notified that they Will not be considered further.

\*NOTE: Dates preceded by an asterisk are estimated dates. Estimated dates are for information only.

## **1.6 Inquiries**

Inquiries concerning the procurement process Shall be directed to Ovita Bonadie at e-mail address: [ovita.bonadie@metrokc.gov](mailto:ovita.bonadie@metrokc.gov) or at phone number (206) 684-1055 or FAX number (206) 684-1470 or in writing to the County's Procurement & Contract Services Section, Eighth floor, Exchange Building, Mailstop EXC-ES-0871, 821 Second Avenue, Seattle, Washington 98104-1598.

Communications concerning this procurement, with other than the listed County staff may cause the firm to be subject to disqualification by the Manager of Procurement Services or designee.

## **1.7 Pre-proposal Conference**

A Pre-proposal Conference will be held at 9:30 a.m. (PST) on August 16, 2005, at the Exchange Building, 821 Second Avenue, on the 6th floor in Room 6A, Seattle, Washington. All prospective Proposers are strongly encouraged to attend. Prospective Proposers should submit written questions concerning this RFP to Ovita Bonadie no later than August 11, 2005. Questions can be submitted by mail or e-mail. Copies of questions and answers Will be sent to all prospective Proposers who received an RFP.

## **1.8 Letter of Intent**

A Letter of Intent is due by August 25, 2005 at Procurement and Contract Services, Exchange Building, 8<sup>th</sup> Floor M.S. EXC-ES-0871, 821 Second Avenue, Seattle, WA 98104-1598. Prospective Proposers are requested to submit a Letter of Intent. The letter can be e-mailed to [ovita.bonadie@metrokc.gov](mailto:ovita.bonadie@metrokc.gov).

## **1.9 Interpretation of Proposal and Contract Documents**

No oral interpretations as to the meaning of the RFP Will be made to any Proposer. Requests for a written interpretation Shall be made in writing and delivered or faxed to the Buyer at the County's Procurement Services Division at the address indicated in Section 1-6 by Thursday, August 25, 2005. Any interpretation deemed necessary by the County Will be in the form of an addendum to the RFP and when issued Will be delivered as promptly as is practicable to all parties to whom the RFP has been issued. All Addenda Shall become part of the RFP and any subsequently awarded Contract. Proposers Shall not rely upon any oral statements or conversations, whether at the pre-proposal conference, if any, or otherwise, they may have with County employees or third parties regarding the RFP.

## **1.10 Examination of Proposal and Contract Documents**

The submission of a Proposal Shall constitute an acknowledgment upon which the County may rely that the Proposer has thoroughly examined and is familiar with the RFP, including any Work site identified in the RFP, and has reviewed and inspected all applicable statutes, regulations, ordinances and resolutions addressing or relating to the goods and Services to be Provided hereunder. The failure or neglect of a Proposer to receive or examine such documents, Work sites, statutes, regulations, ordinances or resolutions Shall in no way relieve the Proposer from any obligations with respect to its Proposal or to any Contract awarded pursuant to this RFP. No claim for additional compensation Will be allowed which is based upon a lack of knowledge or misunderstanding of this RFP, Work sites, statutes, regulations, ordinances or resolutions.

## **1.11 Cost of Proposals**

The County is not liable for any costs incurred by Proposers in the preparation, presentation, testing or negotiation of proposals submitted in response to this RFP.

#### **1.12 Modification or Withdrawal of Proposals Prior to Submittal Date**

At any time before the time and date set for submittal of Proposals, a Proposer may request to withdraw or modify its Proposal. Such a request must be made in writing by a Person with authority as identified in Attachment A, Proposal Response Form. All Proposal modifications Shall be made in writing, executed and submitted in the same form and manner as the original Proposal.

#### **1.13 Errors and Administrative Corrections**

The County Will not be responsible for any Errors in Proposals. Proposers Will only be allowed to alter Proposals after the submittal deadline in response to requests for clarifications or Best and Final Offers by the County. The County reserves the right to request an extension of the Proposal period from a Proposer or Proposers.

The County reserves the right to allow corrections or amendments to be made that are due to minor administrative Errors or irregularities, such as Errors in typing, transposition or similar administrative Errors.

#### **1.14 Prompt Payment Discount**

Proposals offering a prompt-payment discount for payments made within twenty (20) calendar Days Will be evaluated at the discounted price.

#### **1.15 Postponement or Cancellation of Request for Proposal**

The County reserves the right to cancel the RFP or change the date and time for submitting Proposals.

#### **1.16 Compliance with RFP Terms and Attachments**

King County intends to award a Contract based on the terms, conditions and attachments contained in this RFP. Proposers are strongly advised to not take any exceptions. Proposers Shall submit Proposals which respond to the requirements of the RFP. An exception is not a response to a Proposal requirement. If an exception is taken, a "Notice of Exception" must be submitted with the Proposal. The "Notice of Exception" must identify the specific point or points of exception and Provide an alternative.

Proposers are cautioned that exceptions to the terms, conditions and attachments may result in rejection of the Proposal.

The County may, at its sole discretion, determine that a Proposal with a Notice of Exception merits evaluation. A Proposal with a Notice of Exception not immediately rejected may be evaluated, but its competitive scoring Will be reduced to reflect the importance of the exception. Evaluation and negotiation Will only continue with the Proposer if the County determines that a Contract in the best interest of the County may be achieved.

#### **1.17 Proposal Requirements**

- A. The Proposal Shall contain the following items and follow the exact sequence outlined below:
  - 1. Executive Summary or Overview of Proposal (Tab 1).
  - 2. RFP questions and responses as listed in Section 8 (Tab 2).
  - 3. Financial Resource Information described in Section 2-4 B. #3 Financial Resources (Tab 3).
  - 4. Attachment A – Proposal Response Form (Tab 4).
  - 5. Exhibits and other materials specifically requested in the Questionnaire (Tab 5).

6. Do not include brochures, booklets or other sales material not specifically requested with the proposal.
- B. Submit twelve (12) copies of the Proposal, each in a 3-ring binder. Each binder should also include a CD of Proposal contents, per instructions in Section 8.
- C. The following attachments will be required if selected:
- Attachment C - Equal Benefits Worksheet and Declaration Form.  
[http://www.metrokc.gov/finance/procurement/documents/U\\_042\\_EB\\_Worksheet\\_Declaration.doc](http://www.metrokc.gov/finance/procurement/documents/U_042_EB_Worksheet_Declaration.doc)
  - Attachment D - Personnel Inventory Report.  
[http://www.metrokc.gov/finance/procurement/documents/IBIS\\_Attachments/ATTACHMENTD\\_Personnel\\_Inventory.doc](http://www.metrokc.gov/finance/procurement/documents/IBIS_Attachments/ATTACHMENTD_Personnel_Inventory.doc)
  - Attachment E - Affidavit and Certificate of Compliance.  
[http://www.metrokc.gov/finance/procurement/documents/IBIS\\_Attachments/ATTACHMENTE\\_CertificateOfCompliance.doc](http://www.metrokc.gov/finance/procurement/documents/IBIS_Attachments/ATTACHMENTE_CertificateOfCompliance.doc)
  - Attachment I - Certificate of Lobbying Activities - Sign and submit with Proposal.  
[http://www.metrokc.gov/finance/procurement/documents/IBIS\\_Attachments/ATTACHMENTI\\_CertificateLobbyingActivities.doc](http://www.metrokc.gov/finance/procurement/documents/IBIS_Attachments/ATTACHMENTI_CertificateLobbyingActivities.doc)
  - Attachment J - Disclosure Form to Report Lobbying and Instructions - Complete as appropriate, sign and submit with Proposal.  
[http://www.metrokc.gov/finance/procurement/documents/IBIS\\_Attachments/ATTACHMENTJ\\_DisclosureForm\\_ReportLobbying.doc](http://www.metrokc.gov/finance/procurement/documents/IBIS_Attachments/ATTACHMENTJ_DisclosureForm_ReportLobbying.doc)
  - Attachment K - Certification Regarding Debarment, Suspension and Other Responsibility Matters - Primary Covered Transactions. Signed by Contractor after award.  
[http://www.metrokc.gov/finance/procurement/documents/IBIS\\_Attachments/ATTACHMENTK\\_Certification\\_Debarment.doc](http://www.metrokc.gov/finance/procurement/documents/IBIS_Attachments/ATTACHMENTK_Certification_Debarment.doc)
  - Attachment L - Certification Regarding Debarment, Suspension, and Other Ineligibility and Voluntary Exclusion - Lower-Tier Covered Transactions. Signed by Subcontractors after award to the Primary Contractor.  
[http://www.metrokc.gov/finance/procurement/documents/IBIS\\_Attachments/ATTACHMENTL\\_Certification\\_Debarment.doc](http://www.metrokc.gov/finance/procurement/documents/IBIS_Attachments/ATTACHMENTL_Certification_Debarment.doc)
  - Attachment N - ADA/504 Assurance of Compliance. Complete and retain the questionnaire when notified by the Buyer. Complete the Corrective Action Plan and give to Buyer before Contract award.  
[http://www.metrokc.gov/finance/procurement/documents/U\\_027\\_504\\_ADA\\_Compliance.doc](http://www.metrokc.gov/finance/procurement/documents/U_027_504_ADA_Compliance.doc)

Certificate of Insurance and Endorsements – Have Insurance Agent e-mail or Fax to Buyer evidence of insurance from insurer(s) satisfactory to the County certifying to the coverage of insurance set forth in this RFP in Section 5.

### **1.18 Collusion**

If the County determines that collusion has occurred among Proposers, none of the Proposals of the participants in such collusion Will be considered. The County's determination Shall be final.

### **1.19 Rejection of Proposals**

- A. The County reserves the right to reject any Proposal for any reason including, but not limited to, the following: any Proposal which is incomplete, obscure, irregular or lacking necessary detail and specificity; any Proposal which has any qualification, addition, limitation or provision attached to

the Proposal; any Proposal from Proposers who (in the sole judgment of the County) lack the qualifications or responsibility necessary to perform the Work; any Proposal which is not approved as being compliant with the requirements for equal employment opportunity; any Proposal for which a Proposer fails or neglects to complete and submit any qualifications information within the time specified by the County; and any Proposal submitted by a Proposer which is not registered or licensed as may be required by the laws of the state of Washington or local government agencies.

- B. In consideration for the County's review and evaluation of its Proposal, the Proposer waives and releases any claims against the County arising from any rejection of any or all Proposals, including any claim for costs incurred by Proposers in the preparation and presentation of Proposals submitted in response to this RFP.

## **1.20 Proposal Price and Effective Date**

The Proposal price Shall include everything necessary for the prosecution and completion of the Contract including, but not limited to, furnishing all materials, equipment, supplies, tools, plant and other facilities and all management, supervision, labor and service, except as may be Provided otherwise in this RFP. Prices quoted on the Proposal Response Form Shall include all freight charges, FOB to the designated delivery point. Washington State sales/use taxes and Federal excise taxes Shall not be included in the Proposal price. The County Will pay any Washington State sales/use taxes applicable to the Contract price or tender an appropriate amount to the Contractor for payment to Washington State. The County is exempt from Federal excise taxes. All other government taxes, duties, fees, royalties, assessments and charges Shall be included in the Proposal price. The Proposal Shall remain in effect for 120 calendar Days after final Proposal submittal date and time. In the event of a discrepancy between the unit price and the extended amount for a Proposal item, the County reserves the right to clarify the Proposal.

## **1.21 Procedure When Only One Proposal Is Received**

If the County receives a single responsive, responsible and advantageous Proposal, the County Shall have the right, in its sole discretion, to extend the Proposal Acceptance period for an additional sixty (60) Days and to conduct a price or cost analysis on such Proposal. The Proposer Shall promptly Provide all cost or pricing data, Documentation and explanation requested by the County to assist in such analysis. By conducting such analysis, the County Shall not be obligated to accept the single Proposal; the County reserves the right to reject such Proposal or any portion thereof.

## **1.22 Protest Procedures**

- A. Form of Protest. In order to be considered, a Protest Shall be in writing, addressed to the Manager of the King County Procurement and Contract Services Division of the Department of Finance, and include:
1. The name, address, and phone number of the Bidder or Proposer protesting, or the authorized representative of the Bidder or Proposer;
  2. The Invitation For Bid or Invitation To Bid ("IFB" or "ITB") or Request for Proposals ("RFP") Number and Title under which the Protest is submitted;
  3. A detailed description of the specific grounds for protest and any supporting Documentation. It is the responsibility of the Protesting Bidder/Proposer to supplement its Protest with any subsequently discovered documents prior to the Manager's decision;
  4. The specific ruling or relief requested; and
  5. Evidence that all Persons with a financial interest in the procurement have been given notice of the Protest or if such Persons are unknown, a statement to that effect.

B. Who May Protest.

1. Protests based on Specifications. Any prospective Bidder/Proposer.
2. Protests following Bid submittal. Any Bidder or Proposer submitting a response to an ITB or RFP showing a substantial financial interest in the solicitation or award of any Contract.

C. Time to Protest. Protests based on Specifications or other terms in the RFP or ITB document which are apparent on the face of said document must be received by the County no later than ten calendar Days prior to the date established for submittal of Bids/Proposals. The County must receive protests based on other circumstances within five calendar Days after the protesting Bidder/Proposer knows or should have known of the facts and circumstances upon which the Protest is based. In no event Shall a Protest be considered if all bids are rejected or after award of the Contract.

D. Determination of Protest. Upon receipt of a timely written Protest, the Procurement Manager Shall investigate the Protest and Shall respond in writing to the Protest prior to the award of Contract. Except as Provided below, the decision of the Procurement Manager Shall be final.

E. Reconsideration of Manager's Decision. A financially interested Bidder or Contractor may request that a Manager's adverse decision be reviewed by the Director of the King County Department of Finance ("Director") on a reconsideration basis only. The only justifications for reconsideration are (1) new data, relevant to the underlying grounds for protest and unavailable at the time of the Protest to the Manager; or (2) the Manager made an Error of law or regulation. The following procedures Shall be followed for a reconsideration of the Manager's decision:

1. Form of Request for Reconsideration. In order to be considered, a Request for Reconsideration must be filed with the Director in writing and include:
  - a. Name, address, and telephone number of the Person protesting or their authorized representative;
  - b. A copy of the written decision of the Manager; and
  - c. Justification for a reconsideration by the Director, including all pertinent facts and law on which the Bidder or Proposer is relying.
2. Time for filing Request for Reconsideration. The financially interested Bidder or Proposer must file the Request for Reconsideration no later than within five calendar Days of receiving the Procurement Manager's decision.
3. Review of Manager's Decision. Upon receipt of a Request for Reconsideration, the Director or his/her designee Shall review (1) the information submitted to and reviewed by the Manager and (2) the decision of the Manager, and Shall thereafter issue a final determination regarding the Request for Reconsideration. No other information Will be reviewed unless the basis for the request for reconsideration is new data.

F. Failure To Comply. Failure to comply with the procedures set forth herein may render a Protest untimely or inadequate and may result in rejection thereof by the County.

**1.23 Proposal Alternatives**

Proposals Shall address all requirements identified in this RFP. In addition, the County may consider Proposal Alternatives submitted by Proposers that Provide Enhancements beyond the RFP requirements. Proposal Alternatives may be considered if deemed to be in the County's best interests. Proposal Alternatives must be clearly identified.

**1.24 Supported Employment Program**

King County encourages the creation of supported employment programs for developmentally and/or severely disabled individuals. The County itself has such a program and is actively seeking to do

business with those Contractors and Consultants which share this employment approach. If your firm has such a program, or intends to develop such a program during the life of this Contract, please submit Documentation supporting this claim with your proposal. If you have questions, or need additional information, please contact the King County ADA Coordinator, (206) 296-7706 or the Business Development and Contract Compliance Section Supervisor, (206) 205-0700.

## **2 SECTION - PROPOSAL EVALUATION AND CONTRACT AWARD**

### **2.1 General**

Proposals Will be evaluated and ranked by the Proposal Evaluation Team (PET) on the basis of the criteria established in this RFP. The PET Will evaluate the Proposals submitted in response to the RFP, conduct fact finding, discussions/negotiations, request Best and Final Offers and determine which Proposal is the most advantageous to the County for Contract award. The PET's recommendation is subject to review and approval.

### **2.2 Changes in Requirements**

When, either before or after receipt of Proposals, the County changes, revises, increases, or otherwise modifies its requirements, the County Shall issue a written addendum to the RFP. In considering which firms to notify of a change, the County Will consider the stage in the procurement process at which the change occurs and the magnitude of the change, as follows:

- A. If Proposals are not yet due, the addendum Will be sent to all firms that have received the RFP.
- B. If the time for receipt of Proposals has passed but Proposals have not been evaluated, the addendum Will be sent only to Proposers responding to the RFP.
- C. If the Proposals have been evaluated and classified, the addendum Will be sent only to those Proposers classified as in the competitive range.
- D. If a change is so substantial that it warrants substantial revision of the RFP, the County may cancel the original RFP and issue a new one, regardless of the state of the procurement process. The new solicitation Will be issued to all firms originally solicited and to any firms added to the original list.

### **2.3 Proposal Evaluation**

The PET Will evaluate each Proposal using the criteria set forth in this RFP. If deemed necessary by the PET, written and/or oral discussions may be conducted with those Proposers whose Proposals are found to be potentially acceptable. Identified deficiencies, technical requirements, terms and conditions of the RFP, costs or prices, and suspected mistakes may be included among the items for discussion. The discussions are intended to give Proposers a reasonable opportunity to resolve deficiencies, uncertainties and suspected mistakes as requested by the PET and to make the cost, pricing or technical revisions required by the resulting changes.

Upon completion of discussions, the PET may issue to all remaining potentially acceptable Proposers a request for Best and Final Offers. The request Will include notice that discussions are concluded, an invitation to submit a revised Proposal with a Best and Final Offer, and a new submittal date and time.

The County reserves the right to make a Contract award without written and/or oral discussions with the Proposers and without an opportunity to submit Best and Final Offers when deemed to be in the County's best interests.

### **2.4 Evaluation of Responsiveness and Responsibility**

Part of the evaluation process involves a determination of Responsiveness and Responsibility. The County may request that the Proposer Provide additional information, explanation and Documentation to be used in the determination. The requests for information can occur at any point in the evaluation process. The additional information Will normally be in the following subject areas:



A. Responsiveness

The County Will consider all the material submitted by the Proposer to determine whether the Proposer's offering is in compliance with the terms and conditions set forth in this RFP.

B. Responsibility

1. The County Will consider all the material submitted by the Proposer, and other evidence it may obtain otherwise, to determine whether the Proposer is capable of and has a history of successfully completing contracts of this type. This may include requiring the Proposer to Provide references from customers who have been Provided the same or equivalent goods or Services. References Shall include the names and addresses of the parties to whom such goods or Services were Provided and the name and phone number of contact Persons with such parties.
2. The following elements Will be given consideration by the County in determining whether a Proposer is responsible:
  - a. the ability, capacity and skill of the Proposer to perform the Contract or Provide the service required;
  - b. the character, integrity, reputation, judgment and efficiency of the Proposer;
  - c. whether the Proposer has the financial resources and experience to perform the Contract properly and within the times specified;
  - d. the quality and timeliness of performance by the Proposer on previous contracts with the County and with other local governments and state and federal agencies, including, but, not limited to, the relative costs, burdens, time and effort necessarily expended by the County and such governments and agencies in securing satisfactory performance and resolving claims;
  - e. the previous and existing compliance by the Proposer with laws relating to public contracts or Services, including, but not limited to, Disadvantaged Business Enterprise (DBE) and equal employment opportunity requirements;
  - f. the history of the Proposer in filing claims and litigation on prior projects involving the County or on other public or private projects; and
  - g. such other information as may be secured having a bearing on the decision to award the Contract.

Proposers Shall furnish acceptable evidence of the Proposer's ability to perform, such as firm commitments by Subcontractors, equipment, supplies and facilities, and the Proposer's ability to obtain the necessary Personnel, when requested by the County. Refusal to Provide such information when requested Will cause the Proposal to be rejected.

3. Financial Resources

Submit proof of adequate financial resources which would be available to the Proposer for the prosecution and completion of the Work as required. When requested, the required financial information Shall include:

- a. audited financial statements such as balance sheets, statements of income, statements of cash flow and stockholders' equity for each of the three most recently completed fiscal years, including notes to financial statements, independent accountants' reports and annual reports to stockholders;
- b. Documentation of an open line of credit or other arrangement with an established bank under which adequate financing would be available for prosecution and completion of the Work called for hereunder;

- c. certification by the principal financial officer of or an independent accountant for the Proposer, stating that the Proposer has adequate financial resources for the prosecution and completion of the Work called for hereunder; and
- d. the names, addresses and telephone numbers of at least one contact in the company's principal financial or banking organization and its independent auditor.

The PET may find that the Proposer appears fully qualified to perform the Contract or it may require additional information or actions from the Proposer. In the event the PET determines that there are problems of such a nature or magnitude that it is advantageous to the County to bypass the highest scored Proposal, the PET Shall evaluate the qualifications of the next ranked Proposer for award of the Contract. A Proposer bypassed for award by the PET for whatever reason Shall have no claim for costs incurred including, but not limited to, presentation costs, Proposal preparation, the cost of providing additional information requested, or modification made either to its Proposal or internal structure or systems of the Proposer or its organization.

#### 4. Financial Reporting

The Proposer Shall Provide a current copy of its Dun and Bradstreet report if requested by the County.

### 2.5 **Scoring and Evaluation Criteria**

Each Proposal has a total possible score of 100% with the percentages assigned as follows:

Account and Member Services - Experience and Capabilities	24.50%
Data and Reporting Capabilities	15.00%
Clinical, Formulary and Specialty Pharmacy Services	17.00%
Plan Design and Benefit Administration	8.50%
Financial Total	35.00%
<b>TOTAL</b>	<b>100.00%</b>

The PET Will score each Proposal on the completeness and adequacy of the Proposer's responses and on additional available relevant information.

### 2.6 **Competitive Range**

The evaluation of proposals and subsequent testing may result in successive reductions of the number of proposals that remain in the competitive range. The firms remaining in the competitive range may be invited to participate in additional evaluations, testing, Best and Final Offer and negotiations.

### 2.7 **Negotiations**

The County may enter negotiations with one or more Proposers to finalize Contract terms and conditions. In the event negotiations are not successful, the County may initiate negotiations with the next ranking Proposers or reject Proposals.

Negotiation of a Contract Will be in conformance with applicable federal, state and local laws, regulations and procedures. The objective of the negotiations Will be to reach agreement on all provisions of the proposed Contract.

### 2.8 **Contract Award**

Contract award, if any, Will be made by the County to the responsible Proposer whose Proposal meets the requirements of the RFP, and Will be the most advantageous to the County with respect to price, quality and other factors as evaluated by the County. The County is not required to award a Contract to the Proposer offering the lowest price. The County Shall have no obligations until a Contract is signed

between the Proposer and the County. The County reserves the right to award one or more contracts as it determines to be in its best interest.

## **2.9 Insurance Requirements**

The Proposer to whom the County awards a Contract pursuant to this RFP Shall file with the County evidence of insurance from insurer(s) satisfactory to the County certifying to the coverages of insurance set forth in this RFP. Such evidence of insurance Shall be submitted within ten (10) calendar Days of receipt of a written request from the County.

Failure by the Proposer to submit satisfactory evidence of insurance Shall result in rejection of the Proposal.

## **2.10 Execution of Contract and Notice to Proceed**

The Proposer to whom the County intends to award the Contract Shall sign the Agreement and return it to the County. Upon authorization by the County Executive, or designee, a Contract Will be issued. Upon receipt by King County of any required Documentation and Submittals by the Proposer, a Notice to Proceed may be issued, if appropriate.

## **2.11 Public Disclosure of Proposals**

Proposals submitted under this RFP Shall be considered public documents and with exceptions Provided under public disclosure laws. Proposals which are recommended for Contract award Will be available for inspection and copying by the public after the selection process has been concluded.

If a Proposer considers any portion of its Proposal to be protected under the law, the Proposer Shall clearly identify each such portion with words such as "CONFIDENTIAL," "PROPRIETARY" or "BUSINESS SECRET." If a request is made for disclosure of such portion, the County Will determine whether the material should be made available under the law. If the material is not exempt from public disclosure law, the County Will notify the Proposer of the request and allow the Proposer five (5) Days to take whatever action it deems necessary to protect its interests. If the Proposer fails or neglects to take such action within said period, the County Will release the portions of the Proposal deemed subject to disclosure. By submitting a Proposal, the Proposer assents to the procedure outlined in this paragraph and Shall have no claim against the County on account of actions taken under such procedure.

### **3 SECTION - STANDARD CONTRACTUAL TERMS AND CONDITIONS**

#### **3.1 Administration**

This Contract is between the County and the Contractor who Will be responsible for providing the goods and/or performing the Services described herein. The County is not party to defining the division of Work between the Contractor and its Subcontractors, if any, and the Specifications have not been written with this intent.

The Contractor represents that it has or Will obtain all Personnel and equipment required to perform hereunder. The Contractor's performance under this Contract may be monitored and reviewed by a Contract administrator appointed by the County. Reports and data required to be Provided by the Contractor Shall be delivered to the Contract administrator. Questions by the Contractor regarding interpretation of the terms, provisions and requirements of this Contract Shall be addressed to the Contract administrator for response.

#### **3.2 Change Orders**

The County may, at any time, without notice to the sureties, by written order, make any change in the Work within the scope of this Contract. No oral order or conduct by the County Will constitute a Change Order unless confirmed in writing by the County.

If any Change Order causes an increase or decrease in the cost of, or the time required for performance of any part of the Work under this Contract, an equitable adjustment in the Contract price, the delivery schedule, or both Shall be made and the Contract modified in writing accordingly. Every Change Order may require a Cost/Price Analysis to determine the reasonableness of the proposed change.

The Contractor must assert its right to an adjustment under this clause within five (5) calendar Days after receipt of a written Change Order from the County. Upon request from the Contractor, the County may extend the five (5) Day period. The request for equitable adjustment must be in writing and state the general nature and monetary extent of the claim. The County may require additional supporting documents and cost or Price Analysis to determine the validity of the claim.

No claim by the Contractor for an equitable adjustment hereunder Will be allowed if asserted after final payment under this Contract. No claim Will be allowed for any costs incurred more than ten Days before the Contractor gives written notice, as required in this section.

#### **3.3 Cost/Price Analysis**

Cost/Price Analysis Will be required by the County for the evaluation of proposals, Best and Final Offers, negotiations, Change Orders, terminations, revisions to Contract requirements or other circumstances as determined by the Buyer.

#### **3.4 Termination for Convenience/Default/Non-Appropriation**

##### **A. Termination for Convenience**

The County for its convenience may terminate this Contract, in whole or in part, at any time by written notice sent certified mail (return receipt requested) to the Contractor. After receipt of a Notice of Termination, and except as directed by the Contract administrator, the Contractor Shall immediately stop Work as directed in the Notice, and comply with all other requirements in the Notice. The Contractor Shall be paid its costs, including necessary and reasonable Contract close-out costs and profit on that portion of the Work satisfactorily performed up to the date of termination as specified in the notice. The Contractor Shall promptly submit its request for the termination payment, together with detailed supporting Documentation. If the Contractor has any property in its

possession belonging to the County, the Contractor Will account for the same and dispose of it in the manner the County directs. All termination payment requests are subject to Cost/Price Analysis to determine reasonableness and compliance with the Contract, the Contract termination agreement, applicable laws and regulations.

**B. Termination for Default**

In addition to termination for convenience, if the Contractor does not deliver supplies in accordance with the Contract delivery schedule, or if the Contract is for Services and the Contractor fails to perform in the manner called for in the Contract, or if the Contractor fails to comply with any other material provisions of the Contract, the County may terminate this Contract, in whole or in part, for default. Termination Shall be effected by serving a Notice of Termination by certified mail (return receipt requested) on the Contractor setting forth the manner in which the Contractor is in default and the effective date of termination; Provided that the Contractor Shall have ten (10) calendar Days to cure the default. The Contractor Will only be paid for goods delivered and accepted, or Services performed in accordance with the manner of performance set forth in the Contract less any damages to the County caused by or arising from such default. All termination payment requests are subject to Cost/Price Analysis to determine reasonableness and compliance with the Contract; the Contract termination agreement, applicable laws and regulations.

The termination of this Contract Shall in no way relieve the Contractor from any of its obligations under this Contract nor limit the rights and remedies of the County hereunder in any manner.

**C. Termination for Non-Appropriation**

If expected or actual funding is withdrawn, reduced or limited in any way prior to the termination date set forth in this Contract or in any amendment hereto, the County may, upon written notice to the Contractor, terminate this Contract in whole or in part. Such termination Shall be in addition to the County's rights to terminate for convenience or default.

In accordance with King County Code 4.04.040B.6, payment Shall not exceed the appropriation for the year in which termination is effected. If the Contract is terminated for non-appropriation:

1. The County Will be liable only for payment in accordance with the terms of this Contract for Services rendered prior to the effective date of termination; and,
2. The Contractor Shall be released from any obligation to Provide further Services pursuant to the Contract as are affected by the termination.

Funding under this Contract beyond the current appropriation year is conditional upon the appropriation by the County Council of sufficient funds to support the activities described in this Contract. Should such an appropriation not be approved, the Contract Will terminate at the close of the current appropriation year. The appropriation year ends on December 31 of each year.

**3.5 Force Majeure**

The term "force majeure" Shall include, without limitation by the following enumeration: acts of nature, acts of civil or military authorities, fire, accidents, shutdowns for purpose of emergency repairs, strikes and any other industrial, civil or public disturbances, causing the inability to perform the requirements of this Contract. If any party is rendered unable, wholly or in part, by Act of Nature or any other cause not reasonably within such party's control, to perform or comply with any obligation or condition of this Contract, upon giving notice and reasonably full particulars to the other party, such obligation or condition Shall be suspended only for the time and to the extent reasonably necessary to restore normal operations. In the event the Contractor ceases to be excused pursuant to this provision, then King County Shall be entitled to exercise any remedies otherwise Provided for in this Contract, including Termination for Default.

### **3.6 Payment Procedures**

#### **A. Invoices**

Invoices Shall be furnished by the Contractor for goods and/or Services, which have been delivered or Provided to the County, to:

Ruth Hultengren  
King County  
Yesler Building, YES-HR-500  
400 Yesler Way  
Seattle, Washington 98104-2683

**Important** -- The County requires one invoice per requisition for payment processing. All invoices must include the following information: Contract number, requester's name and phone number, date of invoice, invoice number, purchase order number, prompt payment discount and total price for invoice. For each item purchased indicate quantity, description, part number, model and serial number; where applicable, manufacturers or wholesale list price and discount percentage allowed off the list price, item price and total price for the item and/or for Services identify hourly rates, hours worked, total hours or related fees. Failure to comply with this requirement may delay payment.

#### **B. Payments**

Within thirty (30) calendar Days after receipt of an invoice, the County Will pay the Contractor for authorized goods and/or Services satisfactorily delivered or performed. Acceptance of such payment by the Contractor Shall constitute full compensation for all supervision, labor, supplies, materials, Work, equipment and the use thereof, and for all other necessary expenses, incurred by the Contractor.

### **3.7 Washington State Sales Tax**

The County Will make payment directly to the State for all applicable State sales taxes in case the Contractor is not registered for payment of sales taxes in the State of Washington. If the Contractor is so registered, it Shall add the sales tax to each invoice and upon receipt of payment from the County, promptly remit appropriate amounts to the State of Washington.

### **3.8 Taxes, Licenses, and Certificate Requirements**

This Contract and any of the Services or supplies Provided hereunder are contingent and expressly conditioned upon the ability of the Contractor to Provide the specified service or supplies consistent with federal, state and local law and regulations. If, for any reason, the Contractor's required licenses or certificates are terminated, suspended, revoked or in any manner modified from their status at the time this Contract becomes effective, the Contractor Shall notify the County immediately of such condition in writing.

The Contractor Shall maintain and be liable for all taxes, fees, licenses and costs as may be required by federal, state and local laws and regulations for the conduct of business by the Contractor and any sub-contractors and Shall secure and maintain such licenses and permits as may be required to Provide the Services or supplies under this Contract.

### **3.9 Price Warranty**

The Contractor warrants that the prices charged the County do not exceed the prices charged by the Contractor to any other customer purchasing the same product or service in like or similar quantities, and under similar terms and conditions.

### **3.10 Defective Work, Materials or Services**

Prior to Final Acceptance hereunder, when and as often as the County determines that the Work, materials or Services furnished under the Contract are not fully and completely in accordance with any requirement of the Contract, it may give notice and description of such non-compliance to the Contractor. Within seven (7) calendar Days of receiving such written notification, the Contractor must supply the County with a written detailed plan which indicates the time and methods needed to bring the Work, materials or Services within acceptable limits of the Specifications. The County may reject or accept this plan at its discretion. In the event this plan is rejected, the Work, materials or Services Will be deemed not accepted and returned to the Contractor at the Contractor's expense. This procedure to remedy defects is not intended to limit or preclude any other remedies available to the County by law, including those available under the Uniform Commercial Code, Title 62A RCW.

### **3.11 No Waiver of Warranties and Contract Rights**

Conducting of tests and inspections, review of Specifications or plans, payment for a product or service, or Acceptance of a product or service by the County Shall not constitute a waiver, modification or exclusion of any express or implied warranty or any right under this Contract or in law.

### **3.12 Assignment**

No party Shall assign any interest, obligation or benefit under or in this Contract or transfer any interest in the same, whether by assignment or novation, without prior written consent of the other party. If assignment is approved, this Contract Shall be binding upon and inure to the benefit of the successors of the parties. This provision Shall not prevent Contractor from pledging any proceeds from this Contract as security to a lender. An assignment Shall be accepted by either party upon the posting of all required bonds, securities and the like by the assignee, and the written Agreement by assignee to assume and be responsible for the obligations and liabilities of the Contractor or County, known and unknown, under this Agreement and applicable law.

### **3.13 Indemnification and Hold Harmless**

To the maximum extent permitted by law and except to the extent caused by the sole negligence of the County, the Contractor Shall indemnify and hold harmless King County, its officers, officials, agents and employees, from and against any and all suits, claims, actions, losses, costs, penalties and damages of whatsoever kind or nature arising out of, in connection with, or incident to the goods and/or services Provided by or on behalf of the Contractor. In addition, the Contractor Shall assume the defense of King County and its officers and employees in all legal or claim proceedings arising out of, in connection with, or incident to such goods and/or services: Shall pay all defense expenses, including reasonable attorney's fees, expert fees and costs incurred by King County on account of such litigation or claims. This indemnification obligation Shall include, but is not limited to, all claims against King County by an employee or former employee of the Contractor or its subcontractors, and the Contractor, by mutual negotiation, expressly waives all immunity and limitation on liability, as respects the County only, under any industrial insurance act, including Title 51 RCW, other Worker's compensation act, disability benefit act, or other employee benefit act of any jurisdiction which would otherwise be applicable in the case of such claim. In the event of litigation between the parties to enforce the rights under this paragraph, reasonable attorney fees Shall be allowed to the prevailing party.

### **3.14 Applicable Law and Forum**

Except as hereinafter specifically Provided, this Contract Shall be governed by and construed according to the laws of the State of Washington, including, but not limited to, the Uniform Commercial Code, Title 62A RCW. Any suit arising herefrom Shall be brought in the King County Superior Court or U.S. District for the Western District of Washington, in Seattle, either forum Shall have sole and exclusive jurisdiction and venue.

### **3.15 Conflicts of Interest and Non-Competitive Practices**

#### **A. Conflict of Interest**

The Contractor, by entering into this Contract with the County to perform or Provide Work, Services or materials, has thereby covenanted that it has no direct or indirect pecuniary or proprietary interest, and that it Shall not acquire any interest, which conflicts in any manner or degree with the Work, Services or materials required to be performed and/or Provided under this Contract and that it Shall not employ any Person or agent having any such interest. In the event that the Contractor or its agents, employees or representatives hereafter acquires such a conflict of interest, it Shall immediately disclose such interest to the County and take action immediately to eliminate the conflict or to withdraw from this Contract, as the County may require.

#### **B. Contingent Fees and Gratuities**

The Contractor, by entering into this Contract with the County to perform or Provide Work, Services or material, has thereby covenanted:

1. No Person or selling agency except bona fide employees or designated agents or representatives of the Contractor has been or Will be employed or retained to solicit or secure this Contract with an agreement or understanding that a commission, percentage, brokerage, or contingent fee would be paid; and
2. No gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Contractor or any of its agents, employees or representatives, to any official, member or employee of the County or other governmental agency with a view toward securing this Contract or securing favorable treatment with respect to the awarding or amending, or the making of any determination with respect to the performance of this Contract.

### **3.16 Disputes, Claims and Appeals**

The Contractor Shall address questions or claims regarding meaning and intent of the Contract or arising from this Contract in writing to the Buyer, within ten (10) calendar Days of the date in which the Contractor knows or should know of the question or claim. The Buyer Will ordinarily respond to the Contractor in writing with a decision, but absent such written response, the question or claim Shall be deemed denied upon the tenth Day following receipt by the Buyer.

In the event the Contractor disagrees with any determination or decision of the Buyer, the Contractor may, within five (5) calendar Days of the date of such determination or decision, appeal the determination or decision in writing to the Procurement Services Division Manager. Such written notice of appeal Shall include all documents and other information necessary to substantiate the appeal. The Procurement Services Division Manager Will review the appeal and transmit a decision or determination in writing. The decision Will be considered final. Appeal to the Procurement Services Division Manager Shall be a condition precedent to litigation hereunder.

All claims, counterclaims, disputes and other matters in question between the County and the Contractor that are not resolved between the Procurement Services Division Manager and the Contractor or through alternative dispute resolution Will be decided in the Superior Court of King County, Washington, which Shall have exclusive jurisdiction and venue over all matters in question between the County and the Contractor. Mediation or arbitration are not mandatory prerequisites to filing a lawsuit.

Pending final decision of a dispute hereunder, the Contractor Shall proceed diligently with the performance of the Contract and in accordance with the direction of the Buyer. Failure to comply precisely with the time deadlines under this Subsection as to any claim Shall operate as a waiver and release of that claim and an acknowledgment of prejudice to the County.



### **3.17 Mediation and Arbitration**

Nothing in this paragraph precludes any party from seeking relief from King County Superior Court or the U.S. District Court for the Western District of Washington, in Seattle. If a dispute arises out of or relates to this Contract, or the breach thereof, and if said dispute cannot be settled through direct discussions, the parties agree to first endeavor to settle the dispute in an amicable manner by mediation. Thereafter, any unresolved controversy or claim arising out of or relating to this Contract, or breach thereof, may be settled by arbitration, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The parties to this Contract may seek to resolve disputes pursuant to mediation or arbitration, but are not required to do so.

### **3.18 Retention of Records, Audit Access and Proof of Compliance with Contract**

#### **A. Retention of Records**

1. The Contractor Shall maintain books, records and documents of its performance under this Contract in accordance with generally accepted accounting principles. The Contractor Shall maintain and retain for a period of not less than six (6) years after the date of Final Acceptance of Contract Work and all other pending matters are closed: all financial information, data and records used to prepare and support the Contractor's final proposal for this Contract and invoicing for supplies or Services and any payments resulting from Change Orders or claims. In addition, the Contractor Shall maintain the financial information used in the preparation or support of any Change Orders or claims.
2. The Contractor Shall ensure that its Subcontractors and suppliers maintain and retain for no less than six (6) years all records pertaining to the performance by the Subcontractors and suppliers of their portions of the Work under this Contract.

#### **B. Audit Access**

1. The County and its authorized representatives and designees Shall have access to all records maintained and retained by the Contractor and its Subcontractors for the purpose of inspection, Cost/Price Analysis, audit or other reasonable purposes related to this Contract. The County and its representatives and designees Shall have access to records and be able to copy such records during the Contractor's normal business hours. The Contractor Shall Provide proper facilities for such access, inspection and copying.
2. Audits may be conducted during or after the Contract period for purposes of evaluating claims by or payments to the Contractor and for any other reason deemed appropriate and necessary by the County. Auditors selected and paid for by the County Will conduct audits. Audits Shall be conducted in accordance with generally accepted auditing standards and/or audit procedure and guidelines of the County. The Contractor Shall fully cooperate with the County or its auditor(s) during audits and inspections, and Provide all requested Documentation.
3. If an audit is commenced more than sixty (60) Days after the date of Final Acceptance of Contract Work, the County Will give reasonable notice to the Contractor of the date on which the audit Will begin.
4. The Contractor Shall maintain records relating to the pricing of spare parts. The County Will have access to such records for audit purposes.
5. The Contractor may be required to sign a "Certificate of Current Cost or Pricing Data."

#### **C. Proof of Compliance with Contract**

The Contractor Shall, at any time when requested, submit to the County properly authenticated documents or other satisfactory proofs as to the Contractor's compliance with such requirements.

In addition, the Contractor Will permit the County, and if federally funded, the FTA and the Comptroller General of the United States, or a duly authorized representative, to inspect all Work, materials, payrolls and other data and records involving the Contract.

### **3.19 Other Public Agency Orders**

Other federal, state, county and local entities may utilize the terms and conditions established by this Contract if formally requested and approved by the Buyer. A formal cooperative purchasing agreement Will be executed in such cases. The County does not accept any responsibility or involvement in the purchase orders or contracts issued by other public agencies

### **3.20 Recycled Products Policy**

The County promotes the purchase and utilization of recycled material and products where available. Recycled material means material and byproducts which have been recovered or diverted from solid waste disposal for the purpose of recycling. It does not include those materials and byproducts generated from, and commonly reused within, an original manufacturing process. In the event of similar pricing, availability and other factors affecting the solicitation, preference may be given to products containing recycled material.

The Contractor Shall, when requested by the Contract administrator, Provide Documentation indicating the recycled materials used and their proportion of the total value of the end product. Where recycled materials were available but non-recycled materials were actually used, in whole or in part, the Contractor Shall furnish the content by price/volume of recycled and non-recycled material used, and Shall furnish an explanation of the reason that recycled materials were not used.

### **3.21 Conflicts of Interest - Current and Former Employees**

The County seeks to eliminate and avoid actual or perceived conflicts of interest and unethical conduct by current and former County employees in transactions with the County. Consistent with this policy, no current or former County employee may Contract with, influence, advocate, advise, or consult with a third party about a County transaction, or assist with the preparation of Proposals submitted to the County while employed by the County or within one (1) year after leaving the County's employment, if he/she was substantially involved in determining the Work to be done or process to be followed while a County employee.

All bidders, Proposers, vendors or contractors who anticipate contracting with the County must identify at the time of offer, such current or former County employees involved in preparation of bids/proposals or the anticipated performance of the Work or Services if awarded the Contract. This information should be included in Attachment G - "Current or Former County Employee Disclosure Form." Failure to identify former County employees involved in this transaction may result in the County's denying or terminating this Contract. In addition, after award, the Contractor is responsible for notifying the County's Project Manager of current or former County employees who may become involved in the Contract any time during the term of the Contract.

### **3.22 Non-Discrimination and Equal Employment Opportunity**

#### **Part 1. NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY**

- A. Nondiscrimination in Employment and Provision of Services. During the performance of this Contract, neither the Contractor nor any party subcontracting under the authority of this Contract Shall discriminate nor tolerate harassment on the basis of race, color, sex, religion, nationality, creed, marital status, sexual orientation, age, or the presence of any sensory, mental, or physical disability in the employment or application for employment or in the administration or delivery of services or any other benefits under this Contract. King County Code Chapter 12.16 is incorporated herein by reference, and such requirements Shall apply to this Contract.

- B. Nondiscrimination in Subcontracting Practices. During the solicitation, award and term of this Contract, the Contractor Shall not create barriers to open and fair opportunities to participate in County contracts or to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. In considering offers from and doing business with subcontractors and suppliers, the Contractor Shall not discriminate against any person on the basis of race, color, creed, religion, sex, age, nationality, marital status, sexual orientation or the presence of any mental or physical disability in an otherwise qualified disabled person.
- C. Compliance with Laws and Regulations. The Contractor Shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit discrimination. These laws include, but are not limited to, RCW Chapter 49.60, Titles VI, VII of the Civil Rights Act of 1964, and the Restoration Act of 1987. The Contractor Shall further comply fully with any affirmative action requirements set forth in any federal regulations, statutes or rules included or referenced in the contract documents.
- D. Small Business and Minority and Women Business Enterprises Opportunities. King County encourages the Contractor to utilize small businesses, including Minority-owned and Women-owned Businesses Enterprises ("M/WBEs") in County contracts. The County encourages the Contractor to use the following voluntary practices to promote open competitive opportunities for small businesses, including M/WBEs:
1. Attending a pre-bid or pre-solicitation conference, if scheduled by the County, to provide project information and to inform small businesses and other firms of contracting and subcontracting opportunities.
  2. Placing all qualified small businesses, attempting to do business in King County, including M/WBEs, on solicitation lists, and providing written notice of subcontracting opportunities to these firms capable of performing the work, including without limitation all businesses on any list provided by the County, in sufficient time to allow such businesses to respond to the written solicitations.
  3. Breaking down total requirements into smaller tasks or quantities, where economically feasible, in order to permit maximum participation by small businesses, including M/WBEs.
  4. Establishing delivery schedules, where the requirements of this contract permit, that encourages participation by small businesses, including M/WBEs.
  5. Providing small businesses, including M/WBEs that express interest with adequate and timely information about plans, specifications, and requirements of the contract.
  6. Using the services of available community organizations, contractor groups, local assistance offices, the County, and other organizations that provide assistance in the recruitment and placement of small businesses, including M/WBEs.
  7. The Washington State Office of Minority and Women's Business Enterprises (OMWBE) can provide a list of certified M/WBEs. OMWBE may be reached at (360) 753-9693.

Further, the County encourages small businesses, including M/WBEs, to participate in the following practices to promote open competitive opportunities:

- Attending a pre-bid or pre-solicitation conference, if scheduled by the County, to receive project information and to inform prime bidders/proposers of contracting and subcontracting capabilities.
- Requesting placement on solicitation lists, and receipt of written notice of subcontracting opportunities.
- Utilizing the services of available community organizations, contractor groups, local assistance offices, local publications including newspapers which advertise contracting opportunities, the County, and other organizations that provide assistance in the recruitment and placement of small businesses, including M/WBEs.

- E. Equal Employment Opportunity. The Contractor will implement and carry out the obligations in its Affidavit and Certificate of Compliance regarding equal employment opportunity, and all other requirements as set forth in the Affidavit and Certificate of Compliance.
- F. Unfair Employment Practices. King County Code Chapter 12.18 is incorporated by reference as if fully set forth herein and such requirements apply to this Contract. During the performance of this Contract, neither the Contractor nor any party subcontracting under the authority of this Contract Shall engage in unfair employment practices. It is an unfair employment practice for any:
1. Employer or labor organization to discriminate against any person with respect to referral, hiring, tenure, promotion, terms, conditions, wages or other privileges of employment;
  2. Employment agency or labor organization to discriminate against any person with respect to membership rights and privileges, admission to or participation in any guidance program, apprenticeship training program, or other occupational training program;
  3. Employer, employment agency, or labor organization to print, circulate, or cause to be printed, published or circulated, any statement, advertisement, or publication relating to employment or membership, or to use any form of application therefore, which indicates any discrimination unless based upon a bona fide occupational qualification;
  4. Employment agency to discriminate against any person with respect to any reference for employment or assignment to a particular job classification;
  5. Employer, employment agency or a labor organization to retaliate against any person because this person has opposed any practice forbidden by KCC Chapter 12.18 or because that person has made a charge, testified or assisted in any manner in any investigation, proceeding or hearing initiated under the provisions of KCC Chapter 12.18;
  6. Publisher, firm, corporation, organization or association printing, publishing or circulating any newspaper, magazine or other written publication to print or cause to be printed or circulated any advertisement with knowledge that the same is in violation of KCC Chapter 12.18.030.C., or to segregate and separately designate advertisements as applying only to men and women unless such discrimination is reasonably necessary to the normal operation of the particular business, enterprise or employment, unless based upon a bona fide occupational qualification; and/or
  7. Employer to prohibit any person from speaking in a language other than English in the workplace unless:
    - a. The employer can show that requiring that employees speak English at certain times is justified by business necessity, and
    - b. The employer informs employees of the requirement and the consequences of violating the rule.
- G. Record-Keeping Requirements and Site Visits. The Contractor Shall maintain, for at least 12 months after completion of all work under this Contract, the following:
1. Records of employment, employment advertisements, application forms, and other pertinent data, records and information related to employment, applications for employment or the administration or delivery of services or any other benefits under this Contract; and
  2. Records, including written quotes, bids, estimates or proposals submitted to the Contractor by all businesses seeking to participate on this Contract, and any other information necessary to document the actual use of and payments to subcontractors and suppliers in this Contract, including employment records or records relating to the use of Disadvantaged Business Enterprises (DBEs).

The County may visit, at any time, the site of the work and the Contractor's office to review the foregoing records. The Contractor Shall provide every assistance requested by the County

during such visits. In all other respects, the Contractor Shall make the foregoing records available to the County for inspection and copying upon request. If this Contract involves federal funds, the Contractor Shall comply with all record keeping requirements set forth in any federal rules, regulations or statutes included or referenced in the contract documents.

- H. Sanctions for Violations. Any violation of the mandatory requirements of the provisions of this Section Shall be a material breach of contract, for which the Contractor may be subject to damages, withholding payment and any other sanctions provided for by contract and by applicable law.

## **Part 2. REQUIRED SUBMITTALS**

- A. Required Submittals Prior to Contract Execution. For public works contracts valued at \$10,000 or more, and for all other contracts valued at \$25,000 or more, contractors entering into a contract or agreement with King County Shall, within ten days after the bidder receives the written notice of selection, submit the following:

1. A Personnel Inventory Report on the form provided by the County.
2. An Affidavit and Certificate of Compliance demonstrating the Contractor's commitment to comply with the provisions of KCC Chapter 12.16.
3. When this Contract is for Public Works provide, if applicable, a Statement of Compliance with KCC Chapter 12.16 from any labor unions or employee referral agencies which refers workers or employees or provides or supervises apprenticeship or other training programs from whom Contractor obtains employees.
4. Except for Contractors only supplying goods, a 504/ADA Disability Assurance of Compliance on the form provided by the County.
5. Assistance with the requirements of this Section and copies of Chapters 12.16 and 12.18 is available by contacting the King County Business Development and Contract Compliance Section at the address below. Please include the contract number in all correspondence.

Business Development and Contract Compliance Section  
Business Relations and Economic Development  
King County Courthouse  
Mail Stop: KCC-EX-0402  
516 3rd Avenue, Rm. 550  
Seattle, WA. 98104-3271  
Phone: (206) 205-0700  
Fax: (206) 205-0719

The County will not execute any agreement or contract without prior receipt of fully executed forms listed in paragraph A above.

- B. Required Submittals During Work when the Contract is for Public Works.

The Contractor Shall collect, submit and update the submittals listed below for itself, its subcontractors and any sub tier subcontractors and suppliers, to the King County's Business Development and Contract Compliance Division. Such subcontractor information Shall be submitted prior to the County processing and paying any progress payment that includes such subcontractor work.

1. An Affidavit and Certificate of Compliance demonstrating subcontractors' commitment to comply with the provisions of KCC Chapter 12.16; a Personnel Inventory Report; and Statement of Compliance.
2. Affidavits of Amounts Paid. Upon completion of all work and as a condition precedent to final payment, the Contractor Shall submit a final Affidavit of Amounts Paid, to the Business Development and Contract Compliance Division. Identify amounts actually paid, and any

amounts owed, to each subcontracting firm and/or supplier for performance under the Contract. Failure to submit such affidavits may result in withholding of payments or the final payment. King County will provide affidavit forms.

### **Part 3. COMPLIANCE WITH SECTION 504 OF THE REHABILITATION ACT OF 1973 AS AMENDED AND THE AMERICAN WITH DISABILITIES ACT OF 1990**

Except for Contractors only supplying goods, the Contractor Shall complete a Disability Self-Evaluation Questionnaire for all programs and services offered by the Contractor (including any services not subject to this Contract) and Shall evaluate its services, programs and employment practices for compliance with Section 504 of the Rehabilitation Act of 1973, as amended ("504"), and the Americans with Disabilities Act of 1990 ("ADA"). The Contractor Shall complete a 504/ADA Disability Assurance of Compliance and Shall, within ten days after the bidder receives written notice of selection, submit it to the County. Such Assurance of Compliance will be incorporated herein by this reference.

#### **3.23 Non-Discrimination in Benefits to Employees with Domestic Partners**

King County's Equal Benefits (EB) Ordinance 14823 states that to be eligible for award of contracts at a cost of \$25,000.00 or more, firms must not discriminate in the provisions of employee benefits between employees with spouses, and employees with domestic partners. The successful Contractor, bidder or proposer Shall be required to complete a Worksheet and Declaration form. Compliance with Ordinance 14823 is a mandatory condition for execution of a contract. The EB Compliance forms and Ordinance 14823 are available online at: [www.metrokc.gov/finance/procurement/forms.asp](http://www.metrokc.gov/finance/procurement/forms.asp).

#### **3.24 Health Insurance Portability and Accountability Act (HIPAA)**

The Health Insurance Portability and Accountability Act (HIPAA) of 1996, requires health information about an individual to remain secure and private. The Contractor Shall comply with all HIPAA regulations in full. Information on this Act can be found at the Office of Civil Rights website: <http://www.hhs.gov/ocr/hipaa/>.

## 4 SECTION - SPECIFIC CONTRACTUAL TERMS AND CONDITIONS

### 4.1 Contract Documents and Precedence

The documents constituting the Contract between the County and the Contractor are intended to be complementary so that what is required by any one of them Shall be as binding as if called for by all of them. In the event of any conflicting provisions or requirements within the several parts of the Contract Documents, they Shall take precedence as listed on the "Contract", page i.

### 4.2 Contract Term

The term of this Contract Shall be two (2) years, depending upon funds appropriation, see 3-4 C. Termination for Non-Appropriation, and commencing on the date of execution of the Contract Agreement. Upon written notice by King County, this Contract may be extended for three (3) additional one year periods. During extension periods, all terms and conditions of this Contract Shall remain in effect except those amended for the extension period. The maximum term for this Contract, consisting of the base period plus extensions, is five (5) years.

### 4.3 Notices

All notices or reports which are required or may be given pursuant to this Contract Shall be in writing and Shall be deemed duly given when delivered to the respective Executive offices of Contractor and County at the address first set forth below.

#### King County

Kerry Schaefer  
King County  
Yesler Building, YES-HR-500  
400 Yesler Way  
Seattle, WA 98104-268

#### Contractor

(To be determined)

For contractual questions contact:  
King County Procurement and Contract Services Section  
M.S. EXC-FI-0871  
Exchange Building, 8<sup>th</sup> Floor  
821 Second Ave.  
Seattle, WA. 98104-1598  
Attn: Ovita Bonadie  
(206) 684-1055  
[ovita.bonadie@metrokc.gov](mailto:ovita.bonadie@metrokc.gov)

### 4.4 Contract Agreement

Contract award Will occur when King County signs the Contract and issues the Contract Agreement. No other act of the County Shall constitute Contract award. The Contract Agreement is a computer-generated document with the awarded Contract number referencing the Contract and describing the awarded goods and/or Services. The Contract Agreement Will establish the Contract value and incorporate the terms of this document, but Will not be the authorization for the Contractor to proceed. After Contract award, the Project Manager Will issue Purchase Orders detailing the goods and/or Services to be delivered.

### 4.5 Purchase Orders

Purchase Orders Will be issued referencing this Contract Agreement number. The Purchase Orders Will define and authorize the delivery of goods and Services by the Contractor with a "not to exceed price" (based on the prices contained in Attachment B and estimated other direct costs, if applicable). The purchase orders issued by Procurement Services Division may also modify the Contract terms, funding or other matters subject to Subsection 3-2, Change Orders.

#### **4.6 Shipping Charges**

All prices Shall include freight FOB to the designated delivery point. Requests for additional compensation for freight charges Will be rejected by the County.

#### **4.7 Cost Mark-Up**

Contractors Shall not mark up Subcontractor costs and Other Direct Costs (ODCs). The cost for Subcontractor management Shall be segregated into a single cost item and included as a separate task in the cost proposal in Attachment B.

#### **4.8 Direct Costs Related to Additional Work**

Direct costs for additional Work Shall be billed at cost without markup, as noted below or as revised by legislative action of the Council:

Reimbursement of Contractor travel, lodging and meal expenses are limited to the eligible costs based on the rates and criteria established in King County Code, chapter 3.24.

- A. The mileage rate allowed by King County Shall not exceed the current Internal Revenue Services (IRS) rates per mile as allowed for business related travel. The IRS mileage rate Will be paid for the operation, maintenance and depreciation of individually owned vehicles for that time which the vehicle is used during Work hours. Parking Shall be the actual cost. When rental vehicles are authorized, government rates Shall be requested. If a Person does not request government rates, he/she may be Personally responsible for the difference. Please reference the IRS Web site for current rates. <http://www.irs.gov/>.
- B. Reimbursement for meals Shall be limited to the per diem rates established by Federal travel requisitions for the host city in the code of Federal Regulations, 41 CFR § 301,App.A.
- C. Accommodation rates Shall not exceed the Federal Lodging limit plus host city taxes. The Contractor must always request government rates.
- D. The direct costs contained in A, B and C above Will only be authorized by the King County Project Manager for Contractor staff living beyond commuting distance, normally considered to be for the travel beyond 100 miles of 821 Second Avenue, Seattle, WA.
- E. Air travel Shall be by coach class at the lowest price available at the time the King County Project Manager requests a particular trip. In general, a trip is associated with a particular Work activity of limited duration and only one round-trip ticket, per Person, Will be billed per trip.
- F. Cost for equipment, materials and supplies, such as approved equipment rental; telephone, telegraph and cable expenses; reproduction costs including blueprinting, photographing, telecopying, mimeographing, photocopying and printing; express charges; commercial printing, binding, art Work and models; and, computer programming and data entry costs Shall be billed without markup.
- G. Authorized subcontract Services; Provided that the limitations set forth in the above paragraphs Shall be applicable to such subcontract Services.
- H. Other direct costs, not listed above, may be billed if the County has given prior approval.
- I. Receipts required for purchases \$10 and over, not including meals.

#### **4.9 Guarantee/Warranty**

The Contractor guarantees the goods and Services furnished under this Contract Will be free from defects in material and workmanship, and Will conform with all requirements of this Contract, for a



period of one (1) year from date of delivery or Final Acceptance of such goods and/or Services by the County. The Contractor is responsible for all costs of replacement, including shipping charges, for goods or Services found defective within that period, regardless of who actually corrects the defect.

The County Shall give written notice of any defect to the Contractor. If the Contractor has not corrected defect with thirty (30) calendar Days after receiving the written notice, the County, in its sole discretion, may correct the defect itself. In the case of an emergency where the County believes delay could cause serious injury, loss or damage, the County may waive the written notice and correct the defect. In either case, the County Will charge-back the cost for such warranty repair to the Contractor.

The Contractor Shall ensure that the warranty requirements of this Contract are enforceable through and against the Contractor's suppliers, vendors, distributors and Subcontractors. The Contractor is responsible for liability and expense caused by any inconsistencies or differences between the warranties extended to the County by the Contractor and those extended to the Contractor by its suppliers, vendors, distributors and Subcontractors. Such inconsistency or difference Will not excuse the Contractor's full compliance with its obligations under this Contract.

The Contractor, upon notice of award of the Contract, Shall promptly Provide to the County complete copies of all written warranties or guarantees and/or Documentation of any other arrangement relating to such warranties or guarantees extended to the Contractor by the Contractor's suppliers, vendors, distributors and Subcontractors covering parts, components, subcomponents and systems procured through this Contract. The Contractor Shall cooperate with the County in facilitating warranty related Work by such suppliers, vendors, distributors and Subcontractors.

If the original parts or equipment manufacturer Provides a warranty that is greater in scope or duration than the Contractor's warranty to the County, the County Shall receive the increased warranty benefits.

The termination of this Contract Shall in no way relieve the Contractor from its warranty/guarantee responsibility.

Any goods or Services corrected Shall be subject to this Subsection to the same extent as the goods or Services initially Provided.

This guarantee Shall be in addition to any other express warranties or any implied warranties or remedies Provided by this Contract or by law, and in addition to any other rights or remedies available to the County under this Contract or by law. No provision in this Subsection Shall be construed to limit the liability of the Contractor for Work not done in accordance with the Contract. The liability for such failure to perform Shall extend as far as the appropriate periods of limitation Provided by law.

The Contractor Shall ensure the County receives warranty related Work from its suppliers, distributors, Proposers and Subcontractors.

#### **4.10 Hazardous Chemical Communication**

In order to comply with WAC 296-62-054, Hazard Communication, the Contractor Shall submit with the Proposal a Material Safety Data Sheet (MSDS) for all products containing any toxic products that may be harmful to the end user. The MSDS Sheet is to accompany the toxic product(s) to the specified delivery sites.

Include the following information in the MSDS:

- A. Chemical Abstract Service (CAS) numbers for every chemical that is listed in the MSDS.
- B. If the product is actually used diluted, the dilution rate should be so stated in the MSDS and the hazards and corresponding Personal protection, etc. also be listed.
- C. SARA Title 3 chemicals must be listed with the percentage by weight of the total product.
- D. A statement as to the intended use of the product.

#### **4.11 Industrial and Hazardous Waste**

The Contractor Shall comply with all applicable local ordinances, state and federal statutes, and supporting rules and regulations governing the discharge of industrial waste to a public sewer, private sewer, or side sewer tributary to the metropolitan sewerage system.

Contractor Shall handle and dispose of all hazardous wastes in compliance with all applicable local, state and federal laws and regulations, including the Resource Conservation and Recovery Act, the Washington Hazardous Waste Management Act, and applicable rules and regulations of the Environmental Protection Agency and the Department of Ecology governing the generation, storage, treatment, transportation or disposal of hazardous wastes.

#### **4.12 Prohibition on Asbestos-Containing Products**

Asbestos-containing products Shall not be Provided to the County under this Contract, unless no practicable alternative for the asbestos-containing product exists and the Contractor obtains the written consent of the County. The Contractor Shall notify the County in writing at least sixty (60) Days before it plans to supply the County with an asbestos-containing product. The County Shall respond to such notification within thirty (30) Days of receipt. The Contractor Shall comply with applicable state, federal and local labeling and other laws, regulations and ordinances pertaining to asbestos-containing products, including, but not limited to, the State of Washington Industrial Safety and Health Act and the federal Occupational Safety and Health Act.

#### **4.13 Patents and Royalties**

The Contractor is responsible for paying all license fees, royalties or the costs of defending claims for the infringement of any patented invention, article, process or method that may be used in performing this Contract or with the completed Work. The Contractor and the Contractor's sureties Shall indemnify and hold the County, together with its officers and employees, harmless against any and all demands made for such fees, royalties or claims brought or made by the holder of any invention or patent. Before final payment is made on the account of this Contract, the Contractor Shall, if requested by the County, furnish acceptable proof of a proper release from all such fees or claims.

Should the Contractor, its agent, servants or employees, or any of them be enjoined from furnishing or using any invention, article, material, computer programs or equipment supplied or required to be supplied or used under the Contract, the Contractor Shall notify the County in writing and promptly substitute other articles, materials, computer programs or equipment in lieu thereof of equal efficiency, quality, finish, suitability and market value, and be satisfactory in all respects to the County.

#### **4.14 Non-Disclosure Obligation**

While providing the Service required under this Contract, the Contractor may encounter licensed technology, Software, Documentation, drawings, schematics, manuals, data or other materials marked "Confidential", "Proprietary" or "Business Secret". The Contractor Shall, with regard to such information and material received or used in performance of this Contract, employ practices no less than those used for the protection of the Contractor's own confidential information.

The Contract imposes no obligation upon the Contractor with respect to confidential information which the Contractor can establish that: a) was in the possession of, or was rightfully known by the Contractor without an obligation to maintain its confidentiality prior to receipt from King County or a third (3rd) party; b) is or becomes generally known to the public without violation of this Agreement; c) is obtained by the Contractor in good faith from a third (3rd) party having the right to disclose it without an obligation of confidentiality; or, d) is independently developed by the Contractor without the participation of individuals who have had access to King County's or the third (3rd) party's confidential information. The Contractor may disclose confidential information if so required by law, Provided that the Contractor notifies King County that the third (3rd) party of such requirement prior to disclosure.

#### **4.15 Public Disclosure Requests**

Contracts Shall be considered public documents and, with exceptions Provided under public disclosure laws, Will be available for inspection and copying by the public. All Software products Provided by the Contractor under this Contract are copyrighted and are proprietary to the Contractor.

If a Contractor considers any portion of the items including Software, data and Related Materials, delivered to King County to be protected under the law, the Contractor Shall clearly identify each such item with words such as "CONFIDENTIAL," "PROPRIETARY" or "BUSINESS SECRET." If a request is made for disclosure of such item, the County Will determine whether the material should be made available under the law. If the material or parts thereof are determined by King County to be exempt from public disclosure, King County Will not release the exempted documents. If the material is not exempt from public disclosure law, the County Will notify the Contractor of the request and allow the Contractor ten (10) Days to take whatever action it deems necessary to protect its interests. If the Contractor fails or neglects to take such action within said period, the County Will release the item deemed subject to disclosure. By signing a Contract, the Contractor assents to the procedure outlined in this paragraph and Shall have no claim against the County on account of actions taken under such procedure.

#### **4.16 Changed Requirements**

New Federal, State and County laws, regulations, ordinances, policies and administrative practices may be established after the date this Contract is established and may apply to this Contract. To achieve compliance with changing requirements, the Contractor agrees to accept all changed requirements that apply to this Contract and require Subcontractors to comply with revised requirements as well. Changed requirements Will be implemented through Subsection 3-2, Change Orders.

#### **4.17 Severability**

Whenever possible, each provision of this Agreement Will be interpreted to be effective and valid under applicable law. If any provision is found to be invalid, illegal or unenforceable, then such provision or portion thereof Will be modified to the extent necessary to render it legal, valid and enforceable and have the intent and economic effect as close as possible to the invalid, illegal and unenforceable provision. If it is not possible to modify the provision to render it legal, valid and enforceable, then the provision Will be severed from the rest of this Agreement and ignored. The invalidity, illegality or unenforceability of any provision Will not affect the validity, legality or enforceability of any other provision of this Agreement, which Will remain valid and binding.

## 5 SECTION - INSURANCE REQUIREMENTS

### 5.1 Evidence and Cancellation of Insurance

- A. Prior to execution of the Contract, the Contractor Shall file with the County evidence of insurance and endorsements from the insurer(s) certifying to the coverage of all insurance required herein. All evidence of insurance must be certified by a properly authorized officer, agent, general agent or qualified representative of the insurer(s) and Shall certify the name of the insured, the type and amount of insurance, the location and operations to which the insurance applies, the expiration date, and that King County received notice at least 45 Days prior to the effective date of any cancellation, lapse or material change in the policy.
- B. The Contractor Shall, upon demand of King County, deliver to King County all such policy of insurance, and all endorsements and riders, and the receipts for payment of premiums thereon.

Failure to Provide such insurance in a time-frame acceptable to the King County Shall enable King County to suspend or terminate the Contractor's Work hereunder in accordance with Contract provisions regarding "Termination for Convenience/Default/Non-appropriation." Suspension or termination of this Contract Shall not relieve the Contractor from its insurance obligations hereunder.

### 5.2 Insurance Requirements

- A. The Contractor Shall obtain and maintain the minimum insurance set forth below. By requiring such minimum insurance, the County Shall not be deemed or construed to have assessed the risks that may be applicable to the Contractor under this Contract. The Contractor Shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.

Nothing contained within these insurance requirements Shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage Will apply to each insured to the full extent Provided by the terms and conditions of the policy(s). Nothing contained with this provision Shall affect and/or alter the application of any other provision contained with this Contract.

For all coverages:

Each insurance policy Shall be written on an "occurrence" form; excepting that insurance for professional liability, Errors and omissions when required, may be acceptable on a "claims made" form.

If coverage is approved and purchased on a "Claims made" basis, the contractor warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three (3) years from the date of completion of the Work which is the subject of this Contract.

- B. Minimum Scope of Insurance  
Coverage Shall be at least as broad as:

- 1. General Liability

Insurance Services Office form number (CG 00 01 Ed. 11-88) covering COMMERCIAL GENERAL LIABILITY.

- 2. Automobile Liability

Insurance Service form number (CA 00 01 Ed. 12-90) covering BUSINESS AUTO COVERAGE, symbol 1 "any auto"; or the combination of symbols 2, 8 and 9.

- 3. Professional Liability

Professional Liability, Errors and Omissions coverage.

In the event that Services pursuant to this Contract either directly or indirectly involve or require professional Services, Professional Liability, Errors and Omissions coverage Shall be Provided. "Professional Services", for the purpose of this Contract section Shall mean any Services Provided by a licensed professional.

4. Workers' Compensation

Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this Work by applicable federal or "Other States" State Law.

5. Employers Liability or "Stop Gap":

The protection Provided by the Workers Compensation Policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection Provided by the "Stop Gap" endorsement to the General Liability policy.

C. Minimum Limits of Insurance

The Contractor Shall maintain limits no less than, for:

1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, Personal injury and property damage, and for those policies with aggregate limits, a \$2,000,000 aggregate limit.
2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
3. Professional Liability, Errors and Omissions: \$1,000,000.
4. Workers' Compensation: Statutory requirements of the state of residency.
5. Employers Liability Stop Gap: \$1,000,000.

D. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to, and approved by, the County. The deductible and/or self-insured retention of the policies Shall not limit or apply to the Contractor's liability to the County and Shall be the sole responsibility of the Contractor.

E. Other Insurance Provisions

The insurance policies required in this Contract are to contain, or be endorsed to contain the following provisions:

1. General Liability Policy:

- a. The County, its officers, officials, employees and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of the Contractor with this Contract.
- b. To the extent of the Contractor's negligence, the Contractor's insurance coverage Shall be primary insurance as respects the County, its officers, officials, employees and agents. Any insurance and/or self-insurance maintained by the County, its officers, officials, employees or agents Shall not contribute with the insurance or benefit the contractor in any way.
- c. The Contractor's insurance Shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.

F. Acceptability of Insurers

Unless otherwise approved by the County:

Insurance is to be placed with insurers with a Bests' rating of no less than A:VIII, or, if not rated with Bests', with minimum surpluses the equivalent of Bests' surplus size VIII.

If at any time one of the foregoing policies Shall be or become unsatisfactory to the County, as to form or substance, or if a company issuing any such policy Shall be or become unsatisfactory to the County, the Contractor Shall, upon notice to that effect from the County, promptly obtain a new policy, and Shall submit the same to the County, with the appropriate certificates and endorsements, for approval.

G. Subcontractors

The Contractor Shall include all Subcontractors as insureds under its policies, or Shall furnish separate certificates of insurance and policy endorsements for each Subcontractor. Insurance coverages Provided by Subcontractors as evidence of compliance with the insurance requirements of this Contract Shall be subject to all of the requirements stated herein.

H. Work Site Safety

The Contractor Shall have the “right to control” and bear the sole responsibility for the job site conditions, and job site safety. The Contractor Shall comply with all applicable Federal, State and Local safety regulations governing the job site, employees and Subcontractors. The Contractor Shall be responsible for the Subcontractor’s compliance with these provisions.

## **6 SECTION - FEDERAL TRANSIT ADMINISTRATION (FTA) REQUIREMENTS**

### **6.1 Applicability and Federal Grant Contract**

This procurement is subject to a financial assistance Contract between the County and the U.S. Department of Transportation. The successful Contractor is required to comply with all terms and conditions prescribed in third party contracts in the grant Contract between the U.S. Department of Transportation and the County.

New federal laws, regulations, policies and administrative practices may be established after the date this Contract is established and may apply to this Contract. To achieve compliance with changing federal requirements, the Contractor agrees to accept all changed requirements that apply to this Contract and require Subcontractors comply with revised requirements as well.

### **6.2 No Federal Government Obligations to Third Parties**

The Contractor agrees that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of this Contract, absent the express written consent by the Federal Government, the Federal Government is not a party to this Contract and Shall not be subject to any obligations or liabilities to the Contractor or any other party (whether or not a party to this Contract) pertaining to any matter resulting from this Contract.

The Contractor agrees to include the above clause in each subcontract financed in whole or in part with Federal assistance Provided by FTA. It is further agreed that the clause Shall not be modified, except to identify the Subcontractor who Will be subject to its provisions.

### **6.3 Disadvantaged Business Enterprise (DBE) Participation**

The DBE requirements of 49 CFR Part 26 apply to this Contract. These requirements are described in Section 1 – Proposal Preparation of the RFP.

### **6.4 Equal Employment Opportunity**

In connection with the execution of this Contract, the Contractor Shall not discriminate against any employee or applicant for employment because of race, color, creed, sex, disability, age, or national origin. The Contractor Shall take affirmative action to ensure that the hiring of applicants and treatment of employees during employment is conducted without regard to their race, color, creed, sex, disability, age, or national origin. Such action Shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Contractor further agrees to insert a similar provision in all subcontracts, except subcontracts for standard commercial supplies or raw materials.

The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be Provided by the contracting officer setting forth the provisions of this non-discrimination clause.

(Authorities: Executive Order 11246, as amended by Executive Order 11375; Title VII of the Civil Rights Act, as amended, 42 USC § 2000e; Federal transit laws at 49 USC § 5332; section 4 of the Age Discrimination in Employment Act of 1967, as amended, 29 USC § 623; section 102 of the Americans with Disabilities Act, as amended, 42 USC §§ 12101 et seq.; 29 CFR Part 1630; 41 CFR § 60-1.4).

### **6.5 Title VI Compliance**

The Contractor Shall comply with and Shall ensure the compliance by all Subcontractors under this Contract with all the requirements imposed by Title VI of the Civil Rights Act of 1964 (42 USC 2000d)

and the regulations of the federal Department of Transportation, "Nondiscrimination in Federally-Assisted Programs of the Department of Transportation -- Effectuation of Title VI of the Civil Rights Act," 49 CFR Part 21, (hereinafter "Regulations") as they may be amended from time to time.

During the performance of this Contract, the Contractor, for itself, its assignees and successors-in-interest agrees as follows:

A. Nondiscrimination

The Contractor, with regard to the Work performed by it during the Contract, Shall not discriminate on the grounds of race, color, creed, sex, disability, age or national origin in the selection and retention of Subcontractors, including procurements of materials and leases of equipment. The Contractor Shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices when the Contract covers a program set forth in Appendix B of the Regulations.

B. Solicitations for Subcontracts, Including Procurements of Materials and Equipment

In all solicitations either by competitive proposal or negotiation made by the Contractor for Work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential Subcontractor or supplier Shall be notified by the Contractor of the Contractor's obligations under this Contract and the regulations relative to nondiscrimination on the grounds of race, color, creed, sex, disability, age or national origin.

C. Information and Reports

The Contractor Shall Provide all information and reports required by the regulations or directives issued pursuant thereto and Shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the County or the Federal Transit Administration (FTA) to be pertinent to ascertain compliance with such regulations, orders and instructions. The Contractor Shall maintain all required records for a least three (3) years after the County makes final payment and all other pending matters are closed. Where any information is required and it is in the exclusive possession of another who fails or refuses to furnish this information, the Contractor Shall so certify to the County or the Federal Transit Administration, as appropriate, and Shall set forth efforts made to obtain the information.

D. Sanctions for Noncompliance

In the event of the Contractor's noncompliance with the nondiscrimination provisions of this Contract, the County Shall impose such Contract sanctions as it or the FTA may determine to be appropriate, including, but not limited to:

1. Withholding of payments to the Contractor under the Contract until the Contractor complies, and/or,
2. Cancellation, termination or suspension of the Contract, in whole or in part.

E. Incorporation of Provisions

The Contractor Shall include the provisions of paragraphs A through E of this section in every subcontract, including procurements of materials and leases of equipment, unless exempt by the regulations or directives issued pursuant thereto. The Contractor Shall take such action with respect to any subcontract or procurement as the County or the FTA may direct as a means of enforcing such provisions, including sanctions for noncompliance. Provided, however, that, in the event the Contractor becomes involved in or is threatened with litigation with a Subcontractor or supplier as a result of such direction, the Contractor may request the County to enter into such litigation to protect the interests of the County, and in addition, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.



## **6.6 Labor Provisions - Non-Construction Contracts**

### **A. Overtime Requirements**

No Contractor or Subcontractor contracting for any part of the Contract Work which may require or involve the employment of laborers or mechanics Shall require or permit any such laborer or mechanic in any Work week in which he or she is employed on such Work to Work in excess of forty (40) hours in such Work week unless such laborer or mechanic receives compensation at a rate not less than one and one-half (1.5) times the basic rate of pay for all hours worked in excess of forty (40) hours in such Work week. (29 CFR § 5.5(b)(1)).

### **B. Violation: Liability for Unpaid Wages: Liquidated Damages**

In the event of any violation of the clause set forth in paragraph A of this section, the Contractor and any Subcontractor responsible therefore Shall be liable for the unpaid wages. In addition, such Contractor and Subcontractor Shall be liable to the United States (in the case of Work done under Contract for the District of Columbia or a territory, to such district or to such territory) for liquidated damages. Such liquidated damages Shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of paragraph A of this section in the sum of ten (\$10) dollars for each calendar Day on which such individual was required or permitted to Work in excess of the standard Work week of forty (40) hours without payment of the overtime wages required by paragraph A of this section. (29 CFR § 5.5(b)(2)).

### **C. Withholding for Unpaid Wages and Liquidated Damages**

The Department of Transportation or the County Shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any monies payable on account of Work performed by the Contractor or Subcontractor under any such Contract or any other federal Contract with the same prime Contractor, or any other federally-assisted Contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime Contractor, such sums as may be determined to be necessary to satisfy any liabilities of such Contractor or Subcontractor for unpaid wages and liquidated damages as Provided in paragraph B of this section. (29 CFR § 5.5(b)(3))

### **D. Payrolls and Basic Records**

The Contractor or Subcontractor Shall maintain payrolls and basic payroll records during the course of the Work and Shall preserve them for a period of three (3) years from the completion of the Contract for all laborers and mechanics, including guards and watchmen, working on the Contract. Such records Shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made and actual wages paid. Further, the records to be maintained under this paragraph Shall be made available by the Contractor or Subcontractor for inspection, copying or transcription by authorized representatives of the Department of Transportation and the Department of Labor, and the Contractor or Subcontractor Will permit such representatives to interview employees during working hours on the job. (29 CFR § 5.5(c)).

### **E. Subcontracts**

The Contractor or Subcontractor Shall insert in any subcontracts the clauses set forth in paragraphs A through E of this section and also a clause requiring the Subcontractors to include these clauses in any lower tier subcontracts. The prime Contractor Shall be responsible for compliance by any Subcontractor or lower tier Subcontractor with the clauses set forth in paragraphs A through E of this section. (29 CFR § 5.5(b)(4)).

## **6.7 Cargo Preference - Use of U.S. Flag Vessels or Air Carriers**

In the event that ocean shipment or international air transportation is required for any equipment, material or commodities pursuant to this Contract, the Contractor Shall:

- A. Utilize privately owned United States flag commercial vessels to ship at least fifty (50%) percent of the gross tonnage involved, computed separately for dry bulk carriers, dry cargo liners and tankers, whenever shipping any equipment, materials or commodities pursuant to this Contract, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels.
- B. Furnish within twenty (20) working Days following the date of loading for shipments originating within the United States, or within thirty (30) working Days following the date of loading for shipment originating outside the United States, a legible copy of a rated, "on-board" commercial ocean bill-of-lading in English for each shipment of cargo described in paragraph A of this section, to the County, through the prime Contractor in the case of Subcontractor bills-of-lading, and to the Division of National Cargo, Office of Market Development, Maritime Administration, Washington, DC 20590, marked with appropriate identification of the project.
- C. Utilize United States flag air carriers to the extent such carriers Provide the air transportation needed, or accomplish the Contractor's mission. The Contractor agrees to utilize United States flag air carriers even though comparable or a different kind of service can be Provided at less cost by a foreign air carrier, a foreign air carrier is preferred by or more convenient for the Contractor, or service by a foreign air carrier can be paid for in excess foreign currency, unless United States flag air carriers decline to accept excess or near excess foreign currencies for transportation payable only out of those monies.
- D. Insert the substance of the provisions of this section in all subcontracts issued pursuant to this Contract.

(Required by 46 CFR Part 381 and 41 CFR Part 301-3.6).

#### **6.8 Audit and Inspection of Records**

In the case of all negotiated contracts and contracts for construction, reconstruction or improvement of facilities and equipment, which were entered into under other than competitive proposal procedures, Contractor agrees that the County, the Comptroller General of the United States or any of their duly authorized representatives, Shall, for the purpose of audit and examination be permitted to inspect all Work, materials, payrolls, and other data and records with regard to the project, and to audit the books, records and accounts with regard to the project. Further, Contractor agrees to maintain all required records for at least three (3) years after the County makes final payment and all other pending matters are closed.

#### **6.9 FTA Protest Procedures**

Proposers are hereby notified that if this Contract is funded in whole or in part by the Federal Department of Transportation, the Federal Transit Administration (FTA) may entertain a protest that alleges that the County failed to have or follow written protest procedures. Proposers must file a protest with the FTA not later than 5 working Days after the County renders a final decision or 5 working Days after the Proposer knows or has reason to know that the County has failed to render a final decision. The protesting party must notify the County if it has filed a protest with the FTA. After 5 Days, the County Will confirm with FTA that FTA has not received a protest. Protests to the FTA must be filed in accordance with FTA Circular 4220.1D (as periodically Updated).

The County Will not award a Contract for 5 working Days following its decision on a Proposal protest or while a protest to the FTA is pending unless the County determines that: (1) the items to be procured are urgently required; (2) delivery of performance Will be unduly delayed by failure to make the award promptly; or (3) failure to make prompt award Will otherwise cause undue harm to the County or the Federal Government.

## **6.10 Privacy**

Should the Contractor, or any of its Subcontractors, or their employees administer any system of records on behalf of the Federal Government, the Privacy Act of 1974, 5 USC § 552a, imposes information restrictions on the party administering the system of records.

For purposes of the Privacy Act, when the Agreement involves the operation of a system of records on individuals to accomplish a government function, the recipient and any contractors, third party contractors, Subcontractors and their employees involved therein are considered to be government employees with respect to the government function. The requirements of the Act, including the civil and criminal penalties for violations of the Act, apply to those individuals involved. Failure to comply with the terms of the Act or this provision of this Contract Will make this Contract subject to termination.

The Contractor agrees to include this clause in all subcontracts awarded under this Contract that involve the design, development, operation, or maintenance of any system of records on individuals subject to the Act.

## **6.11 Access Requirements for Individuals with Disabilities**

The County and contractors are required to comply with all applicable requirements of the Americans with Disabilities Act of 1990 (ADA), 42 USC §§ 12101, et seq.; Section 504 of the Rehabilitation Act of 1973, as amended, 29 USC § 794; and 49 USC § 5301(d), and the following regulations and any amendments thereto:

- A. U.S. Department of Transportation regulations, "Transportation Services for Individuals with Disabilities (ADA)," 49 CFR Part 37;
- B. U.S. Department of Transportation regulations, "Nondiscrimination on the Basis of Handicap in Programs and Activities receiving or benefiting from Federal Financial Assistance," 49 CFR Part 27;
- C. U.S. Department of Transportation regulations, "Americans With Disabilities (ADA) Accessibility Specifications for Transportation Vehicles," 49 CFR Part 38;
- D. U.S. Department of Justice (DOJ) regulations, "Nondiscrimination on the Basis of Disability in State of Local Government Services," 28 CFR Part 35;
- E. U.S. Department of Justice regulations, "Nondiscrimination on the Basis of Disability by Public Accommodations and in Commercial Facilities," 28 CFR Part 36;
- F. U.S. General Services Administration regulations, "Accommodations for the Physically Handicapped," 41 CFR Subpart 101-19;
- G. U.S. Equal Employment Opportunity Commission (EEOC) "Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act," 29 CFR Part 1630;
- H. U.S. Federal Communications Commission regulations, "Telecommunications Relay Services and Related Customer Premises Equipment for the Hearing and Speech Disabled," 47 CFR Part 64, Subpart F; and
- I. FTA regulations, "Transportation for Elderly and Handicapped Persons," 49 CFR Part 609.

## **6.12 Interest of Members of or Delegates of Congress**

Pursuant to 41 USC § 22, no member of or delegate to the Congress of the United States Shall be admitted to any share or part of this Contract or to any benefit arising therefrom.

#### **6.13 Certification Regarding Debarment, Suspension and Other Responsibility Matters**

Pursuant to Executive Order 12549 and 12689, "Debarment and Suspension," 31 USC § 6101 note and federal regulations in 49 CFR 29, entities and individuals who are debarred or suspended by the federal government are excluded from obtaining federal assistance funds under this Contract. To assure that such entities and individuals are not involved as participants on this FTA-financed Contract, if the Contract exceeds \$100,000, each Proposer Shall complete and submit, as part of its Proposal, the certification contained in Attachment K for itself, its principals and its Subcontractor(s) for any subcontract in excess of \$100,000. The inability of a Proposer to Provide a certification in Attachment K Will not necessarily result in denial of consideration for Contract award. A Proposer that is unable to Provide a certification must submit a complete explanation attached to the certification form. Failure to submit a certification or explanation Shall disqualify the Proposer from participation under this Proposal. The County, in conjunction with FTA, Will consider the certification or explanation in determining Contract award. No Contract Will be awarded to a potential third-party contractor submitting a conditioned debarment or suspension certification, unless approved by the FTA.

The certification is a material representation of fact upon which reliance is placed in determination of award of Contract. If at any time the Proposer or Contractor learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances, it Shall immediately Provide written notice to the County. If it is later determined that the Proposer knowingly rendered an erroneous certification, or failed to notify the County immediately of circumstances which made the original certification no longer valid, the County may disqualify the Proposer. If it is later determined that the Contractor knowingly rendered an erroneous certification, or failed to notify the County immediately of circumstances which made the original certification no longer valid, the County may terminate the Contract, in addition to other remedies available including FTA suspension and/or debarment.

#### **6.14 Subcontractors' Certification Regarding Debarment, Suspension or Ineligibility**

By submitting a Proposal for this Contract, the Proposer agrees that should it be awarded the Contract, it Shall not knowingly enter into any subcontract exceeding \$100,000 with an entity or Person who is debarred, suspended, or who has been declared ineligible from obtaining federal assistance funds; and Shall require each Subcontractor to complete the certification Provided in Attachment L.

Each subcontract, regardless of tier, Shall contain a provision that the Subcontractor Shall not knowingly enter into any lower tier subcontract with a Person or entity who is debarred, suspended or declared ineligible from obtaining federal assistance funds, and a provision requiring each lower-tiered Subcontractor to Provide the certification set forth in Attachment L.

The Contractor Shall require each Subcontractor, regardless of tier, to immediately Provide written notice to the Contractor if at any time the Subcontractor learns that its, or a lower-tier certification was erroneous when submitted or has become erroneous by reason of changed circumstances. The Contractor may rely upon the certifications of the Subcontractors unless it knows that a certification is erroneous. The Contractor's knowledge and information regarding any Subcontractor is not required to exceed that which is normally possessed by a prudent Person in the ordinary course of business.

#### **6.15 Disclosure of Lobbying Activities**

Proposals in excess of \$100,000 require Attachment I, "Certification Regarding Lobbying," and Attachment J, "Disclosure of Lobbying Activities" (if appropriate), be completed and submitted to the County with the proposal, as required by 49 CFR Part 20, "New Restrictions on Lobbying."

The Contractor certifies that it Will not and has not used Federal appropriated funds to pay any Person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal Contract, grant or any other award covered by the Byrd Anti-

Lobbying Amendment, 31 USC § 1352. The Contractor Shall disclose the name of any registrant under the Lobbying Disclosure Act of 1995, codified at 2 USC § 1601 et seq., who has made lobbying contacts on its behalf with non-Federal funds with respect to that Federal Contract, grant or award covered by 31 USC § 1352. Such disclosures are to be forwarded to the County.

The Contractor Will include the language of this certification in all subcontract awards at any tier and require that all recipients of subcontract awards in excess of \$100,000 Shall certify and disclose accordingly.

#### **6.16 Anti-Kickback**

The County and contractors are required to comply with the Anti-Kickback Act of 1986, 41 USC §§ 51 et seq. Under state and federal law, it is a violation for County employees, Proposers, contractors or Subcontractors to accept or offer any money or benefit as a reward for favorable treatment in connection with the award of a Contract or the purchase of goods or Services.

"Kickback" as defined by Federal Acquisition Regulation (FAR) 52.203-7, and 41 USC § 52(2), means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind that is Provided directly or indirectly to any prime Contractor, prime Contractor employee, Subcontractor or Subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime Contract or in connection with a subcontract relating to a prime Contract.

#### **6.17 False or Fraudulent Statements or Claims**

The Contractor acknowledges that if it makes a false, fictitious, or fraudulent claim, statement, submission, or certification to the County in connection with this project, the County reserves the right to pursue the procedures and impose on the recipient the penalties of 18 USC § 1001, 31 USC §§ 3729 and 3801 et seq., and/or 49 USC § 5307(n)(1), as may be appropriate. The terms of Department of Transportation regulations, "Program Fraud Civil Remedies," 49 CFR Part 31, are applicable to this project.

The Contractor agrees to include this clause in all subcontracts awarded under this Contract.

#### **6.18 Conservation**

The Contractor agrees to comply with mandatory standards and policies relating to energy efficiency that are contained in the State Energy Conservation plan issued in compliance with the Energy Policy and Conservation Act, 42 USC §§ 6321 et seq.

The Contractor agrees to include this clause in all subcontracts awarded under this Contract.

#### **6.19 Air Pollution**

The Contractor and suppliers may be required to submit evidence to the Project Manager that the governing air pollution criteria Will be met. This evidence and related documents Will be retained by the manager for on-site examination by FTA.

#### **6.20 Environmental Requirements**

The Contractor agrees to comply with all applicable standards, orders or requirements as follows:

##### **A. Environmental Protection**

The Contractor agrees to comply with the applicable requirements of the National Environmental Policy Act of 1969, as amended, 42 USC §§ 4321, *et seq.*, consistent with Executive Order No. 11514, as amended, "Protection and Enhancement of Environmental Quality," 42 USC § 4321 note.

FTA statutory requirements on environmental matters at 49 USC § 5324(b); Council on Environmental Quality regulations on compliance with the National Environmental Policy Act of 1969, as amended, 42 USC § 4321 *et seq.* and 40 CFR Part 1500, *et seq.*; and joint FHWA/FTA regulations, "Environmental Impact and Related Procedures," 23 CFR Part 771 and 49 CFR Part 622.

B. Air Quality

The Contractor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act, as amended, 42 USC §§ 7401, *et seq.* The Contractor agrees to report each violation to the County and understands and agrees that the County Will, in turn, report each violation as required to assure notification to FTA and the appropriate Environmental Protection Agency (EPA) Regional Office.

The Contractor agrees to include this clause in each subcontract exceeding \$100,000 financed in whole or in part with Federal assistance Provided by FTA.

C. Clean Water

The Contractor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 USC §§ 1251 *et seq.* The Contractor agrees to report each violation to the County and understands and agrees that the County Will, in turn, report each violation as required to assure notification to FTA and the appropriate Environmental Protection Agency (EPA) Regional Office.

The Contractor agrees to protect underground sources of drinking water consistent with the provisions of the Safe Drinking Water Act of 1974, as amended, 42 USC §§ 300h *et seq.*

The Contractor agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with Federal assistance Provided by FTA.

D. Use of Public Lands

The Contractor agrees that no publicly owned land from a park, recreation area, or wildlife or waterfowl refuge of national, state, or local significance as determined by the federal, state or local officials having jurisdiction thereof, or any land from a historic site of national, state, or local significance may be used for the Project unless the FTA makes the specific findings required by 49 USC § 303.

E. Historic Preservation

The Contractor agrees to assist the Federal Government in complying with section 106 of the National Historic Preservation Act, as amended, 16 USC § 470f, Executive Order No. 11593, "Protection and Enhancement of the Cultural Environment," 16 USC § 470 note, and the Archaeological and Historic Preservation Act of 1974, as amended, 16 USC §§ 469a-1 *et seq.* involving historic and archaeological preservation as follows:

1. The Contractor agrees to consult with the State Historic Preservation Officer about investigations to identify properties and resources listed in or eligible for inclusion in the National Register of Historic Places that may be affected by the Project, in accordance with Advisory Council on Historic Preservation regulations, "Protection of Historic and Cultural Properties," 36 CFR Part 800, and notifying FTA of those properties so affected.
2. The Contractor agrees to comply with all federal requirements to avoid or mitigate adverse effects on those historic properties.

F. Mitigation of Adverse Environmental Effects

The Contractor agrees that if the Project should cause adverse environmental effects, the Contractor Will take all reasonable steps to minimize those effects in accordance with 49 USC §

5324(b), and all other applicable federal laws and regulations, specifically, the procedures of 23 CFR Part 771 and 49 CFR Part 622.

#### G. Energy Conservation

The Contractor agrees to comply with the mandatory energy efficiency standards and policies within the applicable state energy conservation plans issued in compliance with the Energy Policy and Conservation Act, 42 USC §§ 6321, et seq.

#### **6.21 Preference for Recycled Products**

To the extent practicable and economically feasible, the Contractor agrees to Provide a competitive preference for products and Services that conserve natural resources and protect the environment and are energy efficient. Examples of such products may include, but are not limited to, products described in the United States EPA Guidelines at 40 CFR Part 247, implementing section 6002 of the Resource Conservation and Recovery Act, as amended, 42 USC § 6962, and Executive Order 12873.

#### **6.22 Termination Provisions Required**

All contracts and subcontracts in excess of \$10,000 Shall contain contractual provisions or conditions that allow for termination for cause and convenience by the County including the manner by which it Will be effected and the basis for settlement.

(Required by FTA Circular 4220.1D, § 15.b.).

#### **6.23 Breach Provisions Required**

All contracts in excess of \$100,000 Shall contain contractual provisions or conditions that Will allow for administrative, contractual, or legal remedies in instances where the Contractor violates or breaches the terms of this Contract, including sanctions and penalties as may be appropriate. The Contractor agrees to include this provisional requirement in all subcontracts in excess of \$100,000 awarded under this Contract. (Required by FTA Circular 4220.1D, § 15.a.).

#### **6.24 Incorporation of FTA Terms**

The preceding provisions include, in part, certain Standard Terms and Conditions required by the U.S. Department of Transportation, whether or not expressly set forth in the preceding Contract provisions. All contractual provisions required by the U.S. Department of Transportation, as set forth in FTA Circular 4220.1D, dated April 15, 1996, are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all FTA mandated terms Shall be deemed to control in the event of a conflict with other provisions contained in this Contract. The Contractor agrees not to perform any act, fail to perform any act, or refuse to comply with any County requests that would cause the County to be in violation of the FTA terms and conditions.

## **7 SECTION - TECHNICAL SPECIFICATIONS**

### **7.1 RFP Purpose**

The purpose of this RFP is to select a third party vendor who will provide best-in-class, evidence based prescription drug management services that support patient education about the cost and quality of drugs and patient adherence to prescription drug therapies. The effective date for the program will be January 1, 2007.

### **7.2 Background and Introduction**

King County is a public entity encompassing Seattle, Bellevue, and a number of smaller suburban cities. The County provides regional services including courts and related legal services, public health services, the County jail, records and elections, property tax appraisals, regional parks and facilities including King County International Airport (Boeing Field), public transit and sewage disposal. In unincorporated communities, King County also provides police protection, animal control, land-use regulation, roads and local parks.

The County has 13,000 benefits-eligible employees, with an additional 25,000 covered family members. Average employee age is a little over 48. The County is highly unionized (87 percent) and has 97 separate bargaining units. Benefits are bargained in coalition in three-year cycles through the Joint Labor Management Insurance Committee. Please refer to Appendix A for pharmacy plan design information.

The prescription drug program is a key element in the County's 2007 – 2009 benefit program. Appendix D provides background about the County's Health Reform Initiative.

### **7.3 Proposal Objectives and Specifications**

#### **Part 1. Objectives**

The County understands the critical role of, and relationship with, its vendor partners in the successful pursuit of its goals. To that end the County is seeking competitive bids from vendors who Shall:

- a. Demonstrate a clear understanding of the drivers guiding the County's approach to its benefits and its support of the larger Health Reform Initiative;
- b. Demonstrate its willingness and capabilities to provide and embrace innovative processes and solutions;
- c. Meet best-in-class criteria measurements, be flexible in responding to emerging design changes or agreements and effectively assist the County in achieving its objectives;
- d. Ensure that King County's employees and covered dependents have appropriate access to all medically necessary prescription drugs and that basic clinical management programs are in place to ensure patient safety and enhance outcomes;
- e. Utilize plan design incentives that encourage cost-effective and appropriate consumption of prescription drugs;
- f. Provide members with a better understanding of the true costs of prescription drugs borne by King County's pharmacy benefit and their opportunities to lower cost for themselves and the County without compromising the quality of care;
- g. Provide members with education and counseling to increase compliance with prescription drug therapies;



- h. Provide innovative solutions for integrating the pharmacy benefit with the King County medical programs; and
- i. Explore new approaches in managing King County's escalating pharmacy cost trend and provide quality decision support in managing King County's pharmacy plan.

## **Part 2. Proposal Specifications**

King County is requiring vendors commit to the following proposal specifications in order to have your proposal evaluated:

### **General**

- a. Comply with all applicable local, state, and federal laws including the federal Health Insurance Portability and Accountability Act (HIPAA), and the regulations thereunder.
- b. Be properly licensed, certified, or credentialed to operate in the state of Washington.
- c. Agree to hold King County and its employees and constituents harmless under any potential contract between King County and the pharmacy benefit manager (PBM).
- d. Notify the King County Contract Manager within 30 days of purchase, acquisition, and any other change in its ownership or partners or control affecting 10 percent or greater interest, any acquisition by it of 10 percent or greater interest in any subsidiary, and any new agreement with, by, or between any affiliates that is relevant to the contract.
- e. Agree that all financial payments due to King County (e.g., missed Performance Guarantees, implementation funds, etc.) must be reconciled and paid via check directly to King County.
- f. Reimburse King County for costs associated with producing their custom summary plan descriptions (SPD)/member handbook that details specifics of the pharmacy benefit that occurs twice every 3 years.
- g. Perform on-site audits of at least 3 percent of contracted network pharmacies on an annual basis, returning 100 percent of audit recoveries from King County utilization.
- h. Agree that the response to this RFP and any subsequent documentation (best and final offer, finalist presentation, or memo) shall be considered part of the final agreement and contract.

### **Account Management**

- a. Provide a dedicated and responsive account management team, including clinical pharmacist support, focused on proactive and efficient management of the Rx drug program service, the operations, and cost trend. The assigned account management team must have accountability and authority to respond and resolve inquiries, requests, and issues raised by King County to assure compliance and overall service quality.
- b. The assigned account management team must be based in the Pacific Standard Time (PST) or Mountain Standard Time (MST) zone. At a minimum, the day-to-day contact and clinical program director must be based in either the PST or MST zone and must be required to uphold a mutually established minimum response time to inquiries.
- c. The assigned clinical manager must provide a reasonable amount of analytical assistance and clinical advice.
- d. Assigned account management team must agree to review and approve King County's SPD for accuracy as part of the basic costs.

## **Member Services**

- a. When applicable, provide customized member communications, approved by King County.
- b. Enrollment support, including welcome packets, employee handbooks and ID card production and distribution, shall be provided at no additional charge to King County.
- c. Provide customer service activities to include, but not limited to single front-end toll-free number with touch tone routing (if necessary), for King County members; a voice response system (if necessary) with a user-friendly menu and alternative language options, and system availability 24 hours a day/7 days a week/365 days a year.
- d. Supply a toll free number for inquiries from pharmacists regarding network issues and for physicians regarding pre-authorization.
- e. Ensure that people with limited English proficiency and those who are deaf or hearing impaired have access to communication services that enable members to utilize the phone lines.
- f. Use alternate ID numbers (preferably generated by King County) for member identification.

## **Implementation**

- a. Load historical claims data to pre-test adjudication system prior to implementation.
- b. Assign a designated team that will manage a smooth transition process from the current vendor.
- c. Produce an Administrative Manual for the pharmacy program that provides information necessary for the King County benefits team to operate the plan. This guide shall be in a mutually agreed upon format and shall be provided at no additional charge to King County.
- d. Offer a separate, one-time, Implementation Performance Guarantee that incorporates a minimum of four mutually accepted key milestones that ensure an accurate and timely implementation.

## **Plan Design**

- a. Provide innovative pharmacy program management that demonstrates the ability to lower cost trend and provides King County with relevant plan management strategies including plan cost and member impact modeling support.
- b. Provide flexible plan design capabilities and flexible plan administration to enhance the integration of King County's pharmacy benefit plans with other health and disease management programs.
- c. Provide innovative strategies to increase the use of generic dispensing — including a willingness to guarantee a competitive generic dispensing rate.

## **Clinical Programs and Formulary Management**

- a. Adhere to and support an evidence-based, value-based formulary development and ongoing formulary maintenance program.
- b. Adhere to and support the use of evidence-based literature in the development of utilization management programs.
- c. Consent that King County is not mandated to participate in formulary management or therapeutic switch programs.
- d. Provide clinical programs on an administrative fee per employee per monthly (PEPM) basis with no shared savings for the duration of this contract.
- e. Provide a drug utilization review program integrated across the retail and mail order delivery channels.

## **Data, Systems, and Reporting**

- a. Accept electronic data transfer and administer membership information in compliance with HIPAA standards for privacy, security and electronic data interchange.
- b. Provide on-line, unlimited eligibility updating and entry capabilities for authorized King County staff.
- c. Accept and maintain weekly employee eligibility data via secured web site at no additional cost; receive weekly 'full' eligibility file that is in extensible markup language (XML) file format that is Direct send (not via a Web site) from the County and a file from a third party vendor for COBRA and retirees.
- d. Provide claims data to external contracted vendors as determined by King County – including but not limited to medical, disease management or health risk assessment (HRA) vendor(s). Claims data extracts shall be provided at no additional cost to King County.
- e. Agree to notify King County immediately upon identification of system-related problems, programming problems, or data transfer problems. The PBM must make every effort necessary to correct such problems within 48 hours regardless of the time or date in order to minimize any disruption to members.
- f. Maintain complete records of all claims and payments for a minimum of six years or greater as required by law. At the end of the six-year period, records shall either be transferred to King County or destroyed under King County's direction. All such records are the property of King County and must be returned to King County upon demand. The PBM shall maintain claims history data online for a minimum of three years from the date of processing in a format that is readily available to King County upon request.
- g. Provide a full claims data extract, on a weekly basis, in a format to be determined by King County, via a secured web site at no additional cost to King County.
- h. Provide standard key pharmacy reports and ad hoc reports accurately and within mutually established dates and response times via a secured web site.
- i. Provide access to the web-enabled on-line reporting tools at no additional cost to King County.
- j. Provide comprehensive Coordination of Benefits (COB) administration, including Medicare COB, particularly in cases where King County acts as a secondary payor of pharmacy benefits.

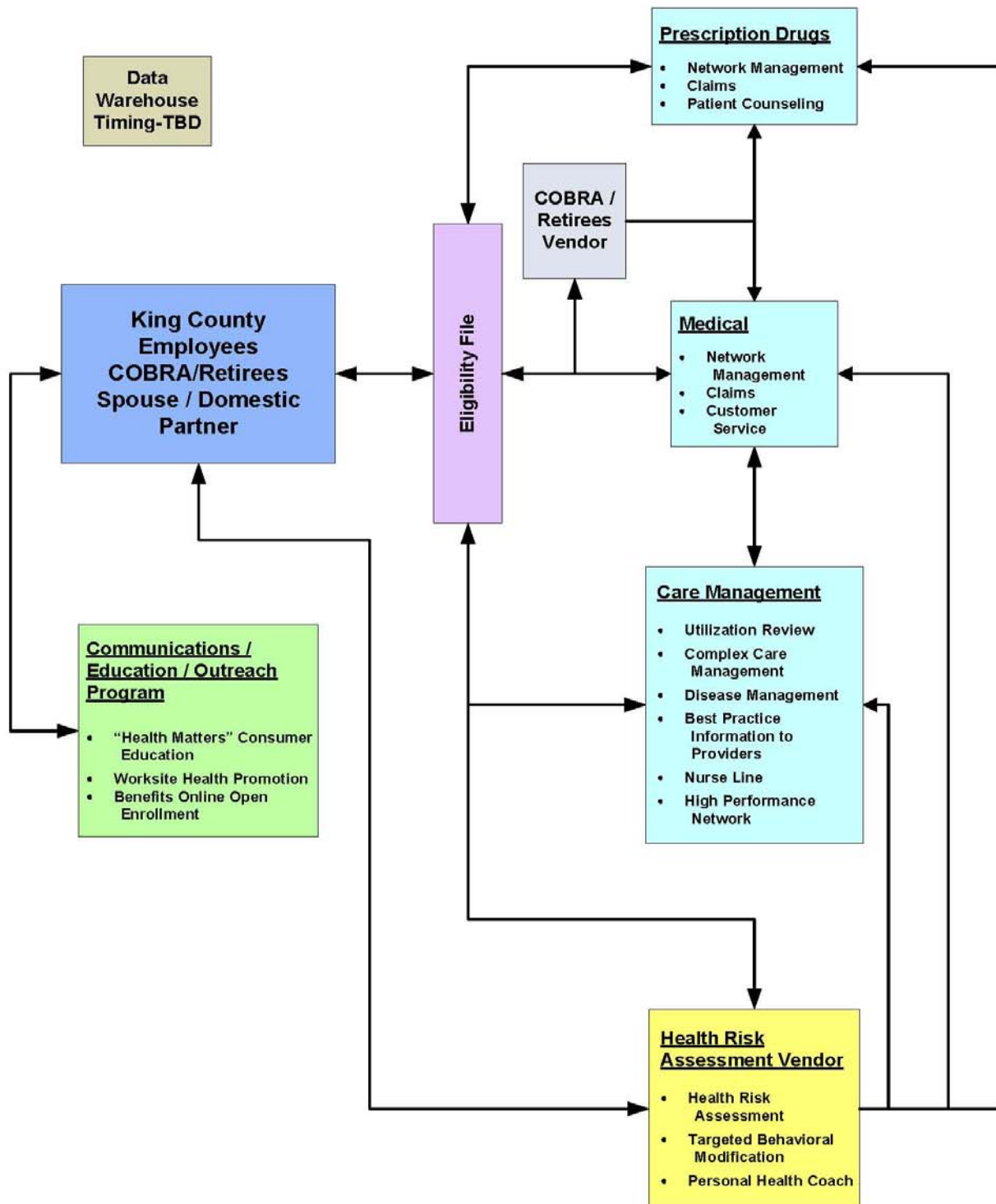
## **Financial and Specialty Pharmacy**

- a. Offer a financial proposal that is not contingent on being awarded the medical administration business that is currently being bid by King County.
- b. Provide unrestrictive operational and financial audit rights, including appropriate access to network and rebate contracts, and willingness to disclose all sources of revenue and levels of funding from manufacturers specific to King County drug utilization and associated data.
- c. Agree that King County shall not be responsible for any vendor expenses related to an operational or financial audit.
- d. Support the desire for King County to audit performance metrics at any time during the contract term. In the event the performance guarantees are not met, vendor must agree to pay for a re-audit six months after the identified failure.
- e. Consent that your financial offer is not contingent on your organization serving as the exclusive specialty pharmacy provider for King County.
- f. Support claims adjudication, without restrictions, for current and future specialty drug vendors contracted with King County. Such vendors may or may not be affiliated with the PBM.
- g. Offer competitive Implementation and ongoing Performance Service Guarantees in which your organization takes full financial risk for unsatisfied guarantees.

- h. Agree that quoted generic dispensing rates (GDR) for retail and mail order shall not exclude any generic products; either generics currently on the market or brands scheduled to lose patent protection, during the life of the contract.

The diagram below illustrates the touch points between King County employees and other health program vendors:

### Touch Points with King County Employees and County Health Program Vendors



## 8 SECTION - PROPOSAL QUESTIONS

### 8.1 General

This section contains the Proposal questions to be addressed by Proposers. Proposals shall address the questions in the order presented, identifying the proposal questions by including the number and corresponding question with your answer. Proposals need to be specific, detailed, and straightforward using clear, concise, easily understood language.

Proposers answering the proposal questions shall examine the entire Request for Proposal document including the instructions, terms and conditions, specifications and applicable standards and regulations. Failure to do so shall be at the Proposers' risk. Section 8 and associated documents are available as Word documents or Excel spreadsheets as appropriate via email from Ovita Bonadie ([ovita.bonadie@metrokc.gov](mailto:ovita.bonadie@metrokc.gov)) at King County Purchasing.

Tabs within each 3-ring binder must match headings in this proposal per Section 1.17. Documents included on the CD need to be in Microsoft Word or Excel format, with the following names:

- a. Executive Summary.doc
- b. Questionnaire.doc
- c. Attachment A.doc
- d. King County-Exhibit A.xls
- e. King County-Exhibit B.xls

You will be instructed to provide sample materials in the questionnaire. They should be provided in clear plastic sleeves in each 3-ring binder under Tab 5.

To assist you in your proposal, the following information is provided as appendices. Additionally, the Exhibits will require completion by your organization.

Appendix	Description
A	King County Pharmacy Plan Design Summary
B	2004 Cost and Utilization Summary
C	Census Data - Included as a separate file (Appendix C - GeoAccessCensus.xls)
D	King County Health Reform Initiative - A summary of the County's Health Reform Initiative is included in the RFP and a newsletter used to announce the initiative is included as a separate file (Appendix D1 – King County Health Reform.pdf).
E	King County Business Associate Agreement – Included as a separate file (Appendix E - KC Boilerplate HIPAA.doc)
F	Acronym List

Please complete the tables in the Exhibits:

Exhibit	Description
A	Exhibit A - Top 200 MAC Generic Drugs by Volume.xls
B	Exhibit B - Specialty Drug Pricing.xls

### 8.2 Questionnaire

#### Company Information

Provide the complete name, address and federal tax identification number of the organization with whom the proposed pharmacy benefit contract would be written. Indicate how many years the organization has been providing PBM services. Also provide the information above for any subcontractors included with your proposal.

Please provide the name of the primary contact for your organization that will be readily available to answer questions on the Proposal, as well as their title, address, email address, phone number and fax number.

Explain the organization's ownership structure, listing all separate legal entities and their relationship within the structure.

Describe all major shareholders/owners (10% or greater ownership), and list their percentage of total ownership, and the financial arrangements with these organizations.

Describe recent (within last 24 months) or planned changes in your organization such as mergers, stock issues, acquisitions, spin-offs, etc.

Does your organization have a formal disaster recovery plan? Yes\_\_\_\_ No\_\_\_\_ Please describe.

Are there any restrictions or pending reviews by state or federal authorities for non-compliance with state or federal regulations? Yes\_\_\_\_ No\_\_\_\_ If yes, please provide details for the past 3 years including outcome.

Please describe involvement in any lawsuit in the last 5 years. Specifically identify any lawsuits that are currently in litigation, and/or class action lawsuits.

Complete the following table with information reflecting your 2004 book-of-business:

Plan Sponsor/Type	Total Number of Clients	Total Covered Lives	Number of Paid Claims
<b>Self-funded Employers</b>			
Commercial			
Government/Public Sector			
<b>Fully-Insured</b>			
Commercial			
Government/Public Sector			

What was your 2004 client retention rate for each of the plan sponsor types listed in Question 9 above?

Please disclose any potential conflicts of interest in managing the King County pharmacy benefit.

Please indicate whether you or your parent company organization hold formal business ownership with any of the following:

Group purchasing organizations (GPOs)

Pharmaceutical manufacturer organizations

Pharmacy Providers

(1) Mail Order Pharmacy

(2) Retail Pharmacy

Pharmaceutical products wholesalers or distributors

Physician detailing organizations

The County produces their summary plan descriptions (SPDs). Please confirm that you will reimburse King County for the costs associated with producing their SPDs. Those costs include developmental (i.e., County staff time to develop), printing and shipping costs. Please indicate the maximum reimbursement you will provide and the frequency (once, annually, etc.). Based on historical costs, the SPD costs range from \$30,000 to \$40,000 and occur twice every three years. Yes\_\_\_\_ No\_\_\_\_

Please confirm your compliance with each of the Proposal Specifications listed in Section 7.3. Please place an “X” in the column under the Yes or No.

Proposal Specification	Yes	No	Yes With Exceptions
<b>General</b>			
Comply with all applicable local, state, and federal laws including the federal Health Insurance Portability and Accountability Act (HIPAA), and the regulations thereunder.			
Be properly licensed, certified, or credentialed to operate in the state of Washington.			
Agree to hold King County and its employees and constituents harmless under any potential contract between King County and the pharmacy benefit manager (PBM).			
Notify the King County Contract Manager within 30 days of purchase, acquisition, and any other change in its ownership or partners or control affecting 10 percent or greater interest, any acquisition by it of 10 percent or greater interest in any subsidiary, and any new agreement with, by, or between any affiliates that is relevant to the contract.			
Agree that all financial payments due to King County (e.g., missed Performance Guarantees, implementation funds, etc.) must be reconciled and paid via check directly to King County.			
Reimburse King County for costs associated with producing their custom summary plan descriptions (SPD)/member handbook that details specifics of the pharmacy benefit that occurs twice every 3 years.			
Perform on-site audits of at least 3 percent of contracted network pharmacies on an annual basis, returning 100 percent of audit recoveries from King County utilization.			
Agree that the response to this RFP and any subsequent documentation (best and final offer, finalist presentation, or memo) shall be considered part of the final agreement and contract.			
<b>Account Management</b>			
Provide a dedicated and responsive account management team, including clinical pharmacist support, focused on proactive and efficient management of the Rx drug program service, the operations, and cost trend. The assigned account management team must have accountability and authority to respond and resolve inquires, requests, and issues raised by King County to assure compliance and overall service quality.			
The assigned account management team must be based in the Pacific Standard Time (PST) or Mountain Standard Time (MST) zone. At a minimum, the day-to-day contact and clinical program director must be based in either the PST or MST zone and must be required to uphold a mutually established minimum response time to inquiries.			
The assigned clinical manager must provide a reasonable amount of analytical assistance and clinical advice.			
Assigned account management team must agree to review and approve King County's SPD for accuracy as part of the basic costs.			



Proposal Specification	Yes	No	Yes With Exceptions
<b>Member Services</b>			
When applicable, provide customized member communications, approved by King County.			
Enrollment support, including welcome packets, employee handbooks and ID card production and distribution, shall be provided at no additional charge to King County.			
Provide customer service activities to include, but not limited to single front-end toll-free number with touch tone routing (if necessary), for King County members; a voice response system (if necessary) with a user-friendly menu and alternative language options, and system availability 24 hours a day/7 days a week/365 days a year.			
Supply a toll free number for inquires from pharmacists regarding network issues and for physicians regarding pre-authorization.			
Ensure that people with limited English proficiency and those who are deaf or hearing impaired have access to communication services that enable members to utilize the phone lines.			
Use alternate ID numbers (preferably generated by King County) for member identification.			
<b>Implementation</b>			
Load historical claims data to pre-test adjudication system prior to implementation.			
1. Assign a designated team that will manage a smooth transition process from the current vendor.			
2. Produce an Administrative Manual for the pharmacy program that provides information necessary for the King County benefits team to operate the plan. This guide shall be in a mutually agreed upon format and shall be provided at no additional charge to King County.			
3. Offer a separate, one-time, Implementation Performance Guarantee that incorporates a minimum of four mutually accepted key milestones that ensure an accurate and timely implementation.			
<b>Plan Design</b>			
a. Provide innovative pharmacy program management that demonstrates the ability to lower cost trend and provides King County with relevant plan management strategies including plan cost and member impact modeling support.			
b. Provide flexible plan design capabilities and flexible plan administration to enhance the integration of King County's pharmacy benefit plans with other health and disease management programs.			
c. Provide innovative strategies to increase the use of generic dispensing — including a willingness to guarantee a competitive generic dispensing rate.			
<b>Clinical Programs and Formulary Management</b>			

Proposal Specification	Yes	No	Yes With Exceptions
a. Adhere to and support an evidence-based, value-based formulary development and ongoing formulary maintenance program.			
b. Adhere to and support the use of evidence-based literature in the development of utilization management programs.			
c. Consent that King County is not mandated to participate in formulary management or therapeutic switch programs.			
d. Provide clinical programs on an administrative fee per employee per monthly (PEPM) basis with no shared savings for the duration of this contract.			
e. Provide a drug utilization review program integrated across the retail and mail order delivery channels.			
<b>Data, Systems, and Reporting</b>			
a. Accept electronic data transfer and administer membership information in compliance with HIPAA standards for privacy, security and electronic data interchange.			
b. Provide on-line, unlimited eligibility updating and entry capabilities for authorized King County staff.			
c. Accept and maintain weekly employee eligibility data via secured web site at no additional cost; receive weekly 'full' eligibility file that is in extensible markup language (XML) file format that is Direct send (not via a Web site) from the County and a file from a third party vendor for COBRA and retirees.			
d. Provide claims data to external contracted vendors as determined by King County – including but not limited to medical, disease management or health risk assessment (HRA) vendor(s). Claims data extracts shall be provided at no additional cost to King County.			
e. Agree to notify King County immediately upon identification of system-related problems, programming problems, or data transfer problems. The PBM must make every effort necessary to correct such problems within 48 hours regardless of the time or date in order to minimize any disruption to members.			
f. Maintain complete records of all claims and payments for a minimum of six years or greater as required by law. At the end of the six-year period, records shall either be transferred to King County or destroyed under King County's direction. All such records are the property of King County and must be returned to King County upon demand. The PBM shall maintain claims history data online for a minimum of three years from the date of processing in a format that is readily available to King County upon request.			
g. Provide a full claims data extract, on a weekly basis, in a format to be determined by King County, via a secured web site at no additional cost to King County.			
h. Provide standard key pharmacy reports and ad hoc reports accurately and within mutually established dates and response times via a secured web site.			
i. Provide access to the web-enabled on-line reporting tools at no additional cost to King County.			

Proposal Specification	Yes	No	Yes With Exceptions
j. Provide comprehensive Coordination of Benefits (COB) administration, including Medicare COB, particularly in cases where King County acts as a secondary payor of pharmacy benefits.			
<b>Financial and Specialty Pharmacy</b>			
a. Offer a financial proposal that is not contingent on being awarded the medical administration business that is currently being bid by King County.			
b. Provide unrestrictive operational and financial audit rights, including appropriate access to network and rebate contracts, and willingness to disclose all sources of revenue and levels of funding from manufacturers specific to King County drug utilization and associated data.			
c. Agree that King County shall not be responsible for any vendor expenses related to an operational or financial audit.			
d. Support the desire for King County to audit performance metrics at any time during the contract term. In the event the performance guarantees are not met, vendor must agree to pay for a re-audit six months after the identified failure.			
e. Consent that your financial offer is not contingent on your organization serving as the exclusive specialty pharmacy provider for King County.			
f. Support claims adjudication, without restrictions, for current and future specialty drug vendors contracted with King County. Such vendors may or may not be affiliated with the PBM.			
g. Offer competitive Implementation and ongoing Performance Service Guarantees in which your organization takes full financial risk for unsatisfied guarantees.			
h. Agree that quoted generic dispensing rates (GDR) for retail and mail order shall not exclude any generic products; either generics currently on the market or brands scheduled to lose patent protection, during the life of the contract.			

### Approach to Scope of Work

In your own words, please describe your understanding of the primary issues and goals driving changes within the County and its benefit plans as well as what is required of a successful vendor to help achieve the objectives.

Please list three key points that differentiate your organization from your competitors and make your firm uniquely suited to fulfilling King County's needs. Please provide specific examples in your description.

Confirm that appropriate staff within your organization have reviewed and approved the scope of services you will deliver to King County if awarded the business. Yes\_\_\_\_\_ No\_\_\_\_\_

### Account Service

Provide an organizational chart for the account service team proposed for King County with name, title/responsibility and office location of each account service team member. At a minimum, the proposed account team should consist of the following personnel:

Account Director (responsible for relationship with King County)

Account Manager (responsible for daily account issues)

Pharmacist/Clinical Program Director

Implementation Manager

Supply the name and the following information for each member of the proposed account service team: education, experience, years with company and years in current position, and number of current clients.

Identify which team member is responsible for day-to-day account issues and communication with King County pharmacy staff. Please confirm that this person will respond to all account inquiries from King County staff within one business day. If this individual is unavailable to respond, please describe the process for escalating or delegating this responsibility to another account team member.

Confirm that the designated pharmacist/Clinical Program Director assigned to King County will reside in the PST or MST zone. Please indicate the percentage of time that the assigned pharmacist will be dedicated to working with King County. Is your organization willing to guarantee this percentage? Yes\_\_\_\_ No\_\_\_\_

If awarded a contract with King County, indicate your willingness to offer a key personnel clause, which would require a minimum of 60 days advance notice of any changes to the proposed account management team (when possible), and a clause that would allow King County the right to refuse any proposed account management team changes. Note: Reasonable exceptions would apply in situations beyond the vendor's control (i.e., resignation/termination with less than 60 day notice). Yes\_\_\_\_ No\_\_\_\_

Confirm your willingness to meet with King County staff quarterly and annually to review plan performance and utilization trends. Yes\_\_\_\_ No\_\_\_\_

Provide information and an example of the analyses and recommendations you will provide to King County quarterly.

Please confirm that both quarterly and annual reviews will be conducted on-site in King County offices at no additional cost. Yes\_\_\_\_ No\_\_\_\_

King County wants to ensure that your organization has a process in place to manage program changes and updates that occur after the effective date. Briefly describe how the account team approaches change requests, ensures accurate implementation, and completes post-implementation follow-up.

Confirm your willingness to allow King County staff or its delegates to perform periodic claims audits, both operational and financial, at no additional cost to verify compliance with contract obligations. King County requires the ability to conduct these audits at any time during the contract term without limitations on the timeframe of data to be audited. King County should not be responsible for any vendor expenses related to an audit—including the provision of records. Confirm acceptance of these requirements and state any standard conditions. Yes\_\_\_\_ No\_\_\_\_

Indicate the maximum level of account structure assumed in your fees.

Using the table below, provide at least three references of current accounts with over 25,000 members that are similar to King County in industry and demographics. These references should have more than one year of experience with the proposed account management team, if possible.

Client Name	Location	Length of Relationship	Number of Covered Lives	Contact Name, Title and Phone
1.				
2.				
3.				

Using the table below, provide at least three names and contact information for accounts with over 25,000 members that have terminated your services within the past two years. The reason for termination must be other than due to merger or acquisition activity.

Client Name	Industry	Length of Relationship	Number of Covered Lives	Contact Name, Title and Phone
1.				
Termination Date:		Reason:		
2.				
Termination Date:		Reason:		
3.				
Termination Date:		Reason:		

### Implementation

For the County's program that will be effective on January 1, 2007, please provide a detailed implementation plan regarding critical tasks, timeframes and resources based on the proposed King County programs beginning with the contract being awarded on February 1, 2006 and an effective date of January 1, 2007. Please include:

A Gantt chart or similar tool to indicate the number of person-hours allocated to each task and the estimated resources

The role King County will play during implementation

The roles and responsibilities of your implementation team including the number of implementations the main project manager has managed and the size of each account

The process for the exchange of data:

- (3) Interface file for eligibility feed from King County and from the COBRA/Retiree vendor
- (4) Interface file to medical vendor
- (5) Interface file to Disease Management vendor

The testing between the County and vendor

Contacts assigned to each step of the implementation process

Please incorporate the dates and activities listed below as required milestones

February 12, 2006	Establish implementation teams and schedule
March – May 2006	Implementation meetings with BHIP and vendor tech staff to identify interface requirements; functional and technical and content and methodology/delivery
June 2006	First test file to establish electronic handshake
June – Sept 2006	Testing and redevelopment with vendor; King County data to and from
December 5, 2006	King County will mail employees/dependents a confirmation letter regarding their new benefit elections
December 20, 2006	King County will provide eligibility file to vendor
January 1, 2007	King County benefit goes live
January 1, 2007	ID cards received by members

Confirm your willingness to conduct weekly updates during the implementation process and to accept King County modifications to the implementation plan. Yes\_\_\_\_ No\_\_\_\_

Please note that King County will send the final eligibility file on 12/20/2006. Please indicate how your organization intends to ensure that eligibility is properly loaded prior to the January 1, 2007 effective date. Please confirm that you will provide ID cards to members by 1/1/07. Please detail any concerns you have with the implementation schedule. Provide information on your proposed plan to manage the process – including quality assurance reviews and provision of eligibility discrepancy or error reports.

Confirm you will provide an administrative guide outlining all processes and requirements for interface with the County and other vendors after implementation is complete. The administrative file should include the information necessary for King County benefits team to operate the plan and shall be in a mutually agreed upon format and provided at no additional cost to King County. The manual should include, but not be limited to, the following information: account management structure and contact information, process for handling questions and escalation process, file exchanges, eligibility processes and timeframes, ID card process (how to order via online, fax, phone and timeframes), listing of plan exclusions, prescriptions requiring prior authorization, processes for obtaining prior authorization, benefit limits (e.g., quantify limits, refill too soon (RTS) edits, etc.), appeals process, forms description or definition of forms and on-line location, coordination of benefit process, etc. Yes\_\_\_\_ No\_\_\_\_ Please note that during finalist meetings, you may be asked to provide samples of administrative manuals you have prepared for other clients.

Indicate if the person who manages the implementation process is a member of the ongoing account management team or an implementation specialist? Yes\_\_\_\_ No\_\_\_\_ Describe how you will assure a smooth transition from implementation to production.

If applicable, discuss your process for transferring King County's claims history, existing open mail order refills and prior authorizations from King County's current pharmacy vendor. Detail any costs associated with these transition services.

Confirm your willingness to fund a readiness audit and/or post-implementation audit upon King County request. Detail any **implementation audit** conditions or restrictions, including auditor selection and total funding. Yes\_\_\_\_ No\_\_\_\_

### **Member Service**

Provide the location, size and main operating hours of the member service center that will service the King County account. In addition, please confirm that customer service for retail and mail order support will be handled from the same call center.

Provide the following information about the proposed customer service center:

Operating hours of live customer service support

Operating hours of live pharmacist/clinical support to members

Operating hours of clinical support for providers (e.g., prior authorizations)

Operating hours of administrative and technical support for providers (e.g., system/eligibility issues, vacation overrides, etc.)

Confirm your willingness to provide a dedicated toll-free member services number for King County's members at no additional cost. Yes\_\_\_\_ No\_\_\_\_

Confirm your willingness to use King County's generated alternate IDs versus social security number (SSN) for member identification. Yes\_\_\_\_ No\_\_\_\_

Discuss your ability and willingness to support warm transfers of member calls to King County's affiliated vendors (medical, disease management, etc.).

Discuss your willingness to provide a designated customer service team to King County, including the percentage of member calls that would be handled by the designated team and the call routing procedures. Provide a brief description of your staffing and training plans.

Complete the table below regarding your customer service representative (CSR) turnover at the proposed service center for each calendar year.

Turnover Reason	2004	YTD 2005
Number of promotions or transfers		
Number of resignations		
Other (please detail)		
<b>Total</b>		
<i>Total as % of overall CSRs at the proposed site</i>		

Are customer service calls monitored for quality assurance purposes? Yes\_\_\_\_ No\_\_\_\_ If yes, please indicate how the calls are monitored – check all that apply.

Yes	No	Type of Monitoring
		Two-way silent monitoring ( <i>able to hear both sides of the conversation without the counselor knowing the call is being monitored</i> )
		One-way monitoring ( <i>only able to hear counselor</i> )
		Side-by-side monitoring of the <i>counselor</i> at their workstation
		Taped calls

Is there an announcement advising the member of this monitoring? Yes\_\_\_\_ No\_\_\_\_

Discuss your organizations process for tracking member issues/complaints/grievances from initial call to resolution. Describe automated tools that assist with this tracking process.

Describe the member services website that you currently offer and complete the following table regarding the tools available to King County's existing and prospective members, respectively.

Online Capability	Current Members?	Prospective Members?
Retail pharmacy locator, including mapping software		
Order new member ID card		

Online Capability	Current Members?	Prospective Members?
Client-specific plan design information (e.g., drug coverages and cost share information)		
Cost share (i.e., copay/coinsurance) calculators		
Cost share comparison between brand/generic and preferred/non-preferred drugs		
Drug and health information		
Formulary search, including suggested alternatives for non-formulary drugs		
Mail Order—submit request for new prescription outreach by PBM		N/A
Mail Order—submit refill orders		N/A
Mail Order—prescription tracking		N/A
Individual claims history		N/A
Downloadable Explanation of Benefits (EOB)		N/A
Historical claims history (36 months)		N/A
Links to King County's SPDs		
Downloadable forms posted by Vendor and King County		
Links to/from King County Medical vendor sites		
Other (please specify)		

Please provide the URL for your member service website and a temporary login and password for viewing its capabilities by King County's selection committee. (Please provide 12 test user names and passwords.)

Please confirm your ability to fully support both Mac and PC platforms. Yes\_\_\_\_ No\_\_\_\_

Please confirm your ability to support the following browsers:

	Yes	No
Internet Explorer		
Netscape		
Opera		
Mozilla Firefox		
Safari		
Other		

Is your member website directly linked to the adjudication platform to accurately provide members with formulary status, drug coverage and related information for specific drugs? Yes\_\_\_\_ No\_\_\_\_

Indicate your willingness to provide a King County co-branded website at no additional charge. Yes\_\_\_\_ No\_\_\_\_

Indicate your willingness to provide a King County co-branded membership ID cards at no additional charge. Cards must not reflect social security numbers. Yes\_\_\_\_ No\_\_\_\_

King County is very interested in ongoing communications to members. Discuss your willingness to support their efforts. Describe your ability to support custom communication materials for the King County, including any additional costs associated with customizing your standard materials and include in the Financial Proposal section.

King County is very interested in initiatives to educate its members about the benefit and cost-effective use of prescription drugs and offer incentive programs for cost effective behavior. Discuss your experience in



coordinating educational initiatives and associated incentive programs for plan sponsors similar to King County and provide at least one case study, in 150 words or less, with documented outcomes. Additionally, please indicate your ability to create customized educational materials for King County, including any additional costs associated with this service and include in the Financial Proposal section.

Discuss consumer-focused tools/products available that will educate cardholders on the actual cost of prescriptions filled. At a minimum, such tools must show the actual costs of each prescription, including detail on both the member and King County contributions. Additionally, available tools should provide the consumer with information on other cost-effective alternatives available for each prescription (e.g., generic product, use of mail order delivery channel, etc.). Provide examples under Tab 5. Detail any additional costs associated with this service and any challenges around privacy and dependent-related concerns.

Confirm your willingness to conduct a King County specific member satisfaction survey at least annually. Yes\_\_\_\_ No\_\_\_\_ Indicate any costs associated with this service.

### **Confidentiality and Privacy**

Confirm your company is in compliance with all current HIPAA regulations for privacy, security, and electronic data interchange (EDI). Yes\_\_\_\_ No\_\_\_\_ Provide a brief description of how your organization substantiates compliance internally.

Please review Appendix E - KC Boilerplate HIPAA.doc. Indicate your organization's willingness to sign this Agreement. Yes\_\_\_\_ No\_\_\_\_ Please indicate any exceptions or deviations on the language included in this Agreement.

Confirm your member and employer web site has valid Secure Socket Layer (SSL) security. Yes\_\_\_\_ No\_\_\_\_

Please describe how your organization will ensure that the confidentiality and privacy of member information, including credit card and other financial data, is being protected when utilizing your services.

Verify that your organization can meet the King County Policies and Standards for privacy and security with regard to the administration of strong passwords for your member web site. Yes\_\_\_\_ No\_\_\_\_

Please describe the steps your organization will take to instill confidence for employees and family members that you maintain a secure and confidential program.

### **Mail Order Service**

Provide a brief description of your proposed mail order facility for King County. Include its geographic location and whether it is owned or sub-contracted.

Using the table below, provide at least three references of similar-sized clients who are currently using the proposed mail order facility and that have been with the facility for 24 months or less.

Client	Length of Service	Number of Employees	Contact Name, Title and Phone
1.			
2.			
3.			

Using the table below, provide your mail order performance statistics over the past two years:

Mail Facility Statistics	2003	2004
Total number of prescriptions dispensed		
Utilization as a percent (%) of capacity		
Average turn-around time (no intervention required)		
Average turn-around time (intervention required)		

Provide statistics on generic dispensing (GDR) rates in the proposed mail order facility, over the past two years:

Mail Facility Name:	2003	2004
Average GDR for all clients utilizing facility		
Average GDR for self-funded employer clients utilizing facility		

Indicate the efforts your organization will undertake to promote the use of generics in your mail order facility.

Indicate your willingness to guarantee a competitive, mail order GDR to be updated annually based on marketplace changes. Yes\_\_\_\_ No\_\_\_\_ Confirm that no generic products, regardless of supply limitations, will be excluded from the mail order GDR. Yes\_\_\_\_ No\_\_\_\_

Explain the process for providing plan members with a short-term retail prescription supply in the case of delayed delivery of their mail order prescription.

What criteria are used to determine whether or not a short-term retail supply is authorized?

Under what circumstances is the member contribution not waived for the short-term retail supply?

How are members notified when a mail order prescription is delayed due to the following circumstances:

A prescription requiring clarification from the physician or physician's agent (e.g., missing quantity, illegible drug name)

A clean prescription where the delay is due to the Vendor's operational, capacity, or drug supply issues

A clean prescription where the delay is a result of the PBM's therapeutic switch intervention.

Explain how your organization manages prescriptions received at the mail facility prescribed by allied health professionals (e.g., naturopaths) that have prescribing authority in Washington but do not have prescribing authority in the state of the proposed mail order facility.

How do you manage wholesale drug shortages, including the process for seeking alternative procurement or adjusting dispensing levels?

Confirm your willingness to 'lock out' all artificial (i.e., 'dummy') Drug Enforcement Agency (DEA) numbers, including your own mail facility DEA number, and describe your ability to ensure that the correct physician DEA number is included with each mail order claim. Yes\_\_\_\_ No\_\_\_\_

Confirm your willingness and ability to print claim price information (e.g., total claim cost, plan sponsor's contribution) on mail order invoices or offer other services to accomplish this objective. Yes\_\_\_\_ No\_\_\_\_

Describe the processes employed by the mail order facility to document and enforce member preferences regarding delivery of prescriptions by mail and/or special delivery. Indicate how your system accommodates requests to ship prescriptions to different addresses depending on the type of shipment (e.g., prescriptions requiring overnight delivery are sent to an address different than the addressed used for standard mail order delivery).

Explain how your organization identifies and educates members that should not be using the mail order benefit (e.g., prescriptions for short term use, rapid dose titration, day supply less than 90, etc.) Explain how you will partner with King County to assure proper utilization of the mail order benefit.

### **Plan Design**

Appendix A outlines King County's plan design that is in effect for 2005; however, King County reserves the right to make modifications to the final plan design prior to the contract effective date. Please confirm your

willingness and ability to administer King County's plan design, currently a 3-tier plan design, and any changes prior to January 1, 2007. Yes\_\_\_\_ No\_\_\_\_

King County plans coordinate benefits under a non-duplication policy between primary and secondary plans. Please confirm your ability to administer King County's COB definition. Yes\_\_\_\_ No\_\_\_\_

In, 150 words or less, detail your plan design modeling capabilities and any additional costs to King County for this service. In addition, indicate any predictive modeling services or use of outcomes data that could be used to further enhance the impact of the King County Medical program.

Indicate if any of your proposed financial elements in the Financial Proposal Section are contingent upon King County maintaining specific plan design parameters. Yes\_\_\_\_ No\_\_\_\_

Describe your ability to accommodate separate drug coverage rules per enrolled plan members. For example, explain how you will administer a plan design similar to Pitney Bowes that allows different or waived copayments for specific medications associated with designated chronic diseases. Additionally, indicate how your system could be customized to allow coverage for a designated drug class only for members enrolled in this particular health management/case management program.

In the context of the King County's plan design, describe any programs you can offer to promote the use of generic medications to plan members. Detail any associated fees in the Financial Proposal Section.

The County has two sets of benefits plans – one that applies to all employees except the King County Police Officers Guild (currently included in the scope of the RFP), and a different set of benefit plans for the Guild that are bargained separately. King County may request a separate quote for a group of 800 bargained employees at a later date. Please indicate your ability to administer a separate group. Yes\_\_\_\_ No\_\_\_\_

## **Data and Systems**

Confirm your ability to process eligibility as outlined below:

Receive weekly 'full' eligibility file from King County

- (6) XML file
- (7) Direct send versus Web site
- (8) An email will be sent to notify vendor the file has been sent
- (9) Each file will contain all benefit eligible employees & dependents including actives and terminations (Note: Terminations will appear only once on a file and will not be repeated on subsequent files)

Receive manual updates via fax and email

Vendor must update their systems within one business day from the date/time stamp on the XML file from King County

Receive third party eligibility files for King County COBRA and Retirees

Send confirmation file weekly for receipt of eligibility files:

- (10) XML file
- (11) Count of actives & terminations
- (12) Reject or errors

Send monthly roster of all employees and dependents:

- (13) XML file
- (14) Complete file with all information (names, addresses, date of birth, etc.)
- (15) Roster is to be sent within two (2) business days following the last file received for the month

Briefly outline your eligibility capabilities for the following items:

Confirm that King County representatives have the capability to access your online system and edit their eligibility records. Describe how authorized King County staff will access this system — dial-in or web-based system.

Detail any limitations or charges associated with manual eligibility maintenance.

Describe the functionality available to King County to verify/audit a COB claim on line through your organizations eligibility system.

Please list your required data fields for electronic eligibility files

Please detail your process for acceptance, validation, and discrepancy reporting of full file replacement files. Do you automatically terminate coverage if the record is absent from the file (term by absence) or do you generate an implicit term report for verification prior to termination of coverage? How will the discrepancy report be provided to King County? Additionally, provide a detailed sample of your eligibility file discrepancy reporting.

What processes are used to validate and check provider DEA numbers? Confirm your willingness and ability to lock out facility DEA numbers and to utilize a data field other than DEA to validate the prescriber is a covered provider under King County physician network.

If a member does not have their ID card at the point of sale, please describe how a network pharmacist can confirm member eligibility. Please provide the hours of operation of live call center support for such inquiries from network pharmacies.

Explain the tools offered by your organization to provide employees/dependents information on the King County pharmacy program if the member does not have their ID number.

Please indicate which adjudication platform you propose to use for King County (if there are multiple options at your organization). Are there any major changes, upgrades or modifications of your adjudication system scheduled in the next 24 months? If yes, describe your product changes (enhancements, upgrades, etc.) processes and procedures. If there is a platform change planned after the start of the King County contract, please describe the implementation plan for moving to the new platform.

What is the timeframe that your organization will guarantee that formulary and other point of sale (POS) edits (e.g., prior authorization, quantity limitations, formulary additions, etc.) are uploaded to the adjudication system following a request from King County staff?

King County will require its PBM partner to provide detailed claim extracts to other external vendors (e.g., medical plan administrator, disease management, HRA) to assist its effort of integrating the programs. Such extracts shall be provided at no additional cost to King County. Please indicate any limitations on the frequency or volume of data that can be sent.

King County will require its PBM partner to provide claims-level extracts for the purposes of populating an integrated data warehouse. The data will be used in assessing changes in population health, effectiveness, and return on investment for specific program elements. Such extracts shall be provided at no additional cost to King County. Please indicate any limitations on the frequency or volume of data that can be sent.

Confirm your organization's willingness/capability to provide de-identified claims data to the Puget Sound Health Alliance.<sup>1</sup> Confirm this can be provided at no additional cost to King County. Yes\_\_\_\_ No\_\_\_\_

King County may require the selected vendor to provide comprehensive coordination of benefits (COB), including Medicare COB, as appropriate. Describe your experience in administering both traditional and Medicare COB and address the following:

Provide a flow chart illustrating your traditional and Medicare COB processes and what options and associate costs are available for King County (e.g., cost avoidance, 'pay-and-chase'). Include a description of how members and providers are notified when a claim should be adjudicated by a primary plan sponsor when King County is the secondary payor and how the processes differ for retail and mail order claims.

Indicate all data that would need to be collected from King County to adequately perform COB services. What other means of collecting or integrating this information into the claims adjudication process do you offer aside from the eligibility file?

Detail your ability to automate the adjudication process at point-of-sale (POS) for 'secondary payor' claims (i.e., balance of claim after primary payment has been applied).

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<sup>1</sup> Information about the Puget Sound Health Alliance can be found at <http://www.govling.org/phsa>.

What other services are available to assist King County's in managing its Medicare Part D benefit strategy, including detailed reporting on retiree utilization, plan cost modeling, etc.

Indicate the length of time that claims level data is stored on your adjudication platform. Please confirm your ability and willingness to research archived records to answer state or federal regulator request for data or to satisfy a class action lawsuit during the life of the contract as well as after contract termination. Confirm your willingness to include such a contract provision.

Confirm your willingness to transfer member level history from King County's current PBM to your platform if you are awarded the business at no additional cost to King County. Yes\_\_\_\_ No\_\_\_\_ Please indicate any limitations on the volume of data that can be transferred and any associated fees.

Detail your organization's experience in coordinating pharmacy services with disability programs and vendors.

### **Clinical Programs and Formulary Management**

King County desires a formulary or Preferred Drug List (PDL) that is developed using evidence-based drug and therapy class reviews.

Assume that King County elects to implement a formulary that emulates the Washington State Preferred Drug List (PDL).

Confirm your ability to support the Washington State Evidence Based Prescription Drug Program including implementation of the Washington State PDL.

Please detail any costs associated with the ongoing support of the Washington State PDL (Refer to <http://www.rx.wa.gov/druglist.shtml> for a current listing of the included drugs).

Specifically detail the impact on your rebate proposal if King County elects to implement the Washington State PDL.

Assume that King County elects to implement the formulary proposed by your organization. Respond to the following items regarding your formulary development process.

Explain how an evidence-based clinical review process, including but not limited to review of efficacy, safety, effectiveness and pharmacoeconomic data, is used to **develop** the formulary that is proposed for King County.

Explain how an evidence-based clinical review process supports the **ongoing maintenance** of the formulary that is proposed for King County.

Explain how your organization reviews drug effectiveness and balances immediate short-term unit cost savings versus longer term savings (medical or pharmacy).

Describe how your formulary incorporates published practice guidelines from the clinical literature.

Detail the processes and efforts your organization undertakes to identify emerging trends (e.g., patient compliance) and clinical safety issues (e.g., adverse drug reactions) demonstrated in peer reviewed literature. Explain subsequent actions taken by your organization to adjust your clinical and utilization management programs based on new evidence or outcomes data. Include information on the timeliness of this process.

Detail your organization's position regarding adding patent extending drugs with minimal clinical advantage to the formulary which ultimately result in a lower generic dispensing rate, (i.e., Paxil CR®). In the formulary proposed for King County, detail the preferred drugs on your formulary that are considered patent extenders.

Detail how your organization utilizes evidence-based literature in the development/determination of utilization management programs (e.g., quantity limits, step therapy edits, etc).

Detail your organization's capabilities of incorporating medical claims data (e.g., patient diagnosis) and pharmacy claims data to monitor patient safety and health outcomes.

What efforts does your organization take to minimize the occurrences of adverse drug events? How are adverse drug reactions (ADR) tracked by your organization? What data on ADRs can be shared with King County?

Explain how your organization uses the vast information housed in your databases to monitor drug safety, support the evidence-based formulary, and identify cause/effect relationships.

Assuming King County decides to utilize your formulary, indicate the name of the proposed formulary, provide an electronic copy, and complete the following table with information as of August 1, 2005.

Name of Proposed Formulary:	
A. Percent (%) of all generic national drug codes (NDCs) that are classified as formulary drugs	
B. Percent (%) of all multi-source brand NDCs that are classified as formulary drugs	
C. Percent (%) of all single-source brand NDCs that are classified as formulary drugs	
D. What percent of prescription claims (employer self-funded book-of-business) were adjudicated as formulary drugs in 2004?	

Are any elements of your financial proposal contingent upon King County implementing the formulary noted above? Yes \_\_\_\_ No \_\_\_\_ Please detail all contingencies.

Describe any formulary modeling capabilities you are offering to King County to evaluate the member, rebate, and plan cost impacts of proposed formulary changes. Detail any additional costs associated with this service.

Complete the following tables with the requested information about your current clinical and utilization management programs. Quote any fees for clinical programs listed in this section as an administrative fee (PEPM) with no shared savings. In addition to meeting any program costs in this section, please also detail all fees in the financial section of this proposal. Please use the utilization data that will be provided at the August 16 Pre-proposal Conference to identify the most prevalent conditions currently treated in King County's population. Please base your proposed clinical offering on this data. Note: Do not provide information for programs that are not guaranteed to be operational by January 1, 2007.

Program Type:	Basic Concurrent Drug Utilization Review (DUR)
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	

Program Type:	Retrospective DUR
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	

Program Type:	Formulary Management/Therapeutic Interchange
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	

Other information:	
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Program Type:	Traditional Prior Authorization
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

Program Type:	Automated Prior Authorization (e.g., drug history and patient demographic information used to reduce member disruption)
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

Program Type:	Enhanced Concurrent DUR: Step Therapy Edits
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

Program Type:	Enhanced Concurrent DUR: Rx Quantity Limits
Program Name & Description:	
Program Cost (if any):	
Anticipated Pharmacy Savings:	
Guaranteed Pharmacy Savings (if any):	
Other information:	

Program Type:	Enhanced Concurrent DUR: Dose/Duration of Therapy Edits
Program Name & Description:	
Program Cost (if any):	
Anticipated Pharmacy Savings:	
Guaranteed Pharmacy Savings (if any):	
Other information:	



Program Type:	Other Programs
Program Name & Description:	
Program Cost (if any):	
Anticipated Pharmacy Savings:	
Guaranteed Pharmacy Savings (if any):	
Other information:	

For programs with guaranteed savings in the preceding question, provide a description of your savings methodology, including an illustrative calculation. Additionally, indicate how savings due to market events (e.g., Vioxx® withdrawal) would be factored out of the reported savings.

Describe your operational processes, including member and prescriber notification, for formulary interventions and other therapeutic switches. Detail any differences between your retail and mail order processes.

Describe how members are notified of formulary changes on both an annual and ongoing basis and provide a sample communiqué with your response.

For your therapeutic interchange program, list all multi-source brand “switch” targets that have single-source, branded medication as the preferred agent.

Detail any cases where the average wholesale price (AWP) of the preferred/formulary drug is higher than the AWP of the targeted non-preferred/non-formulary drug, exclusive of rebate considerations. Differentiate these cases between retail and mail order protocols.

Confirm that King County will have the option to “turn off” any specific therapeutic switch programs at no additional cost. Yes \_\_\_\_ No \_\_\_\_

Detail any formal program in place to notify plan sponsors of new drug developments (e.g., anticipated launch of a blockbuster drug, patent expirations, etc.). Please provide two to three examples of this type of notification from 2004 or 2005. Does your program provide statistical information or modeling based on client-specific data? If so, provide an example.

Provide a flow chart of prior authorization appeals process and address the following:

Standard response time guidelines

Notification of denial and appeal rights

Qualifications for determining the need for pharmacist/physician review.

Confirm your willingness to administer first-level appeals from King County’s plan members. Yes \_\_\_\_ No \_\_\_\_  
Additionally, provide details regarding the process for handling second-level appeals.

## Reporting

Provide samples of your quarterly and annual Executive Summary reporting packages specific for health plan clients. Please detail the number of days after the end of the quarter when these reports will be delivered to King County.

King County is interested in using an online reporting tool for downloading, exporting and scheduling standard reports as well as designing and customizing ad hoc reports.

Please provide a brief description of your online reporting tool, including sample reports, modeling capabilities, hardware requirements, and the systems platform on which it is based.

Please briefly describe queries that authorized King County staff can perform on their desktop computers.

Confirm that King County will be able to view reports at different levels of their account hierarchy.

Confirm that your online reporting tool has access to, or retains 36 months of historical claims data.

Indicate the number of user licenses that will be provided to King County as part of your base fees. What is the cost for obtaining additional licenses, if necessary?

Please provide a temporary login/password and instructions for accessing a demo of your online reporting tool.

Describe your process for training client users to use your online reporting tool. Confirm your willingness to offer this training onsite at King County at no additional cost. Yes\_\_\_\_\_ No \_\_\_\_\_

Provide examples of reports that include peer grouping and benchmark data that are similar to King County's population. Indicate the number of clients currently served by your organization that comprise the respective peer group. Indicate the number of employer groups similar to the King County in the Northwest region of the United States that are included in that respective peer group. [All samples should be included in Tab 5]

Detail your ability to support ad hoc reporting requests directly from King County including average turnaround times, the staff responsible for completing the request and any additional fees for this service.

Confirm your willingness to provide King County's designated consultant with quarterly report packages at no additional cost to King County. At a minimum, this quarterly reporting should include claims data split by generic/brand/non-formulary, mail/retail, subscriber status, plan code and location. Yes \_\_\_\_\_ No \_\_\_\_\_

Confirm your willingness to split the reporting by active employees, COBRA participants, disabled participants, retirees pre-65 and post-65, and Medicare eligible. Yes \_\_\_\_\_ No \_\_\_\_\_

Provide evidence (internally or externally administered outcome studies) that your programs and services have a positive impact for your clients. What were the evaluation criteria?

### **Specialty Pharmacy Program Services**

King County is seeking a vendor that will offer a specialty pharmacy program including competitive discounts and dispensing fees and offer associated clinical intervention programs on an administrative fee PEPM basis. Refer to the Financial Section to provide pricing information on specialty pharmacy. Please respond to the following questions regarding your specialty pharmacy services.

Provide diagram(s) that illustrate(s) all pertinent steps for member enrollment, prescription intake, clinical review, billing and distribution of the product in your specialty program.

Does your program outsource any specialty disease state areas (e.g., cystic fibrosis, hemophilia, etc.) to other specialty vendors? Yes \_\_\_\_\_ No \_\_\_\_\_

List the name of the medications/manufacturers of specialty products on "limited distribution" status, which your organization cannot currently supply. Also indicate those manufacturers that you are in negotiations with to obtain access to such products.

Briefly describe the range of services that your firm is proposing to provide as they pertain to the clinical management of specialty products. Indicate fees associated with clinical services in Exhibit B. For each additional service quoted, provide information on associated patient outcomes and documented return-on-investment (ROI) values.

Describe the types of counseling/education services and interventions offered to members. In your response, indicate whether or not your organization offers 24/7 access to a pharmacist, nurse or case coordinator.

Indicate how your organization monitors members for side effects, proper dosing and adherence to therapy regimen. Indicate if these services are drug or therapy class specific.

Does your program have a designated Specialty Call Center? Yes \_\_\_\_ No \_\_\_\_ Indicate if member calls and physician/physician office calls are handled by the same Customer Service Representatives. List the days and hours of operation.

Please describe how your organization works with medical carriers or providers to identify opportunities to move coverage of injectables to the pharmacy benefit.

Confirm that your proposal does not require use of your specialty delivery channel as the sole provider of specialty (injectable and oral) medications. Yes \_\_\_\_ No \_\_\_\_

Does your program allow for a plan design that would permit an employee to get 1 or 2 months of retail fills before mandating that they use the specialty mail program? Yes \_\_\_\_ No \_\_\_\_

Describe your shipment procedures (including method of delivery and tracking) to providers for office-administered drugs and to members for self-administered drugs. Describe procedures for communicating issues/delays in the delivery process. Indicate if all necessary supplies for both mixing and administering the specialty product are provided with each shipment.

Describe your procedure to handle specialty medications reported as “lost/undelivered”, “stolen” or rendered useless due to mishandling or breakage. In each case, clearly indicate when your company assumes financial responsibility

Please provide examples of standard reports for specialty drug utilization. Confirm these reports are available to King County without additional cost. Confirm that King County can access reporting on specialty drug utilization via the on-line, ad-hoc reporting tool/decision support tool.

### **Miscellaneous Support Services**

King County desires a PBM partner that is innovative and flexible in the administration of the pharmacy program. Discuss and provide examples of programs (such as collaboration with providers, support for community based programs) that your organization can offer that demonstrate innovation.

King County is interested in exploring the implementation of a pilot program similar to the Asheville Project and the *Patient Self Management Program*<sup>SM(2)</sup>. List the potential barriers to the implementation of such a program as well as your proposed methods for overcoming these barriers and program support that your organization can offer.

King County is interested in exploring a model within the contracted pharmacy network that reimburses pharmacists for clinical intervention services that ultimately improve collaboration amongst providers, optimize medication use, and improve patient outcomes. Such services will require documentation of each intervention and follow-up activities prior to reimbursement payments. Services may include, but are not limited to, provision of a comprehensive medication therapy review, identification of lower cost therapy alternatives (e.g., OTC or generic alternatives), and/or provision of medication compliance monitoring. Please indicate your organization’s experience in contracting with network pharmacies for such services. Indicate your willingness to assist King County in the implementation of such a program. List the potential barriers to the implementation of such a program as well as your proposed methods of overcoming these barriers and program support that your organization can offer.

Indicate how your organization promotes the use of evidence-based treatment guidelines in your clinical programs. Provide an example of how your organization has coordinated with medical plans to enforce medication therapies promoted in evidence-based treatment guidelines.

King County is interested in programs that identify and monitor contracted network pharmacies to ensure the provision of high quality services to King County participants

Describe how your organization both promotes and verifies that contracted network pharmacies are routinely counseling patients on proper use of medications. What tools or services does your organization provide to assist network pharmacies with patient counseling? Indicate if your organization provides incentives to network pharmacies to encourage patient consultation on prescription medications.

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<sup>2</sup> Information about Asheville Project can be found through the American Pharmaceutical Association (APhA) Foundation.

Indicate if your organization provides incentives to network pharmacies to help members manage diabetes or asthma, or provide blood pressure monitoring.

How does your organization undertake educational initiatives for the network pharmacies?

Describe how your organization monitors network pharmacies to track fatal dispensing errors.

Explain how your organization monitors and collects data on the quality of services provided by contracted network pharmacies. Describe your willingness to partner with King County to identify pharmacies providing high quality services, including but not limited to, education of members, minimizing errors and waste, increasing generic dispensing, increasing formulary prescribing.

Briefly describe your process for credentialing network pharmacies to ensure service quality. Comment on your processes for auditing network pharmacy credentials as well as service delivery.

Explain what tools your organization offers to reduce medication prescribing errors and dispensing errors. Explain how medication errors are tracked and reported.

Describe your plan to allow network pharmacy providers to access a participant's **complete** medication profile/history while maintaining patient confidentiality.

Explain your organization's efforts regarding the promotion and use of electronic prescribing tools.

Does your organization anticipate pharmacies will be charged to receive prescriptions electronically? If yes, indicate the anticipated fees.

What steps have been taken to ensure stakeholders (prescribers) concerns are addressed and incentives are aligned to successfully implement electronic prescribing initiatives?

Describe any contracts your organization currently holds or plans to implement with Personal Digital Assistant (PDA)/handheld devices and electronic prescribing.

(16) Include a discussion of the different functions available in the electronic prescribing tool (e.g., formulary lookup).

(17) Describe your willingness to customize the information displayed on the device for King County, including patient profiles and formulary information.

## **Financial Proposal**

Please complete all tables in this section using the formats provided. Use footnote references to clearly explain all qualifications or conditions in your response. Note: RFP responses that do not use this format will not be evaluated.

### Retail Network

Minimum Requirements:

Vendors may propose up to three (3) retail network options:

- **Option A** - traditional pricing arrangement in a Broad National Network.
- **Option B** - traditional pricing arrangement in a Select Network.
- **Option C** - pass-through pricing arrangement.

**Vendors must propose Option A and may propose Option B and/or Option C**

Element	King County Proposal Requirements	Confirm Acceptance (Y/N)
Retail and Mail Brand Discounts	<p><b>Option: A and B only</b> Vendor must offer a brand discount guarantee, <u>exclusive</u> of U&amp;C claims (retail only) and the impact of MAC on multi-source brand claims.</p> <p><b>Option: C only</b> Vendor must offer an annual <u>minimum</u> brand discount guarantee (in aggregate), <u>exclusive</u> of U&amp;C claims (retail only) and the impact of MAC on multi-source brand claims, with actual contracted pharmacy rates passed-through to King County for each individual claim.</p>	
Retail and Mail Generic Discounts	<p><b>Option: A and B only</b> Vendor must offer an overall effective generic discount guarantee, <u>inclusive</u> of the vendor's MAC reimbursement.</p> <p><b>Option: C only</b> Vendor must offer an annual <u>minimum</u> overall effective generic discount (in aggregate), <u>inclusive</u> of the vendor's MAC reimbursement, with actual contracted pharmacy rates passed-through to King County for each individual claim.</p>	
Mail Order Shipping Costs	<p><b>Option: A, B and C</b> Vendor must underwrite all mail order shipping costs into the proposed mail order pricing. Administrative or dispensing fees may not be adjusted during the contract term for postage rate increases.</p>	
Dispensing Fees	<p><b>Option: A and B only</b> Vendor must offer a dispensing fee guarantee for retail brand and generic drugs priced at the discounted ingredient cost or MAC rate.</p> <p><b>Option: C only</b> Vendors must provide an annual <u>maximum</u> dispensing fee guarantee, which shall be reconciled against King County's actual claims experience on an annual basis.</p>	
Component Guarantees	<p><b>Option: A, B and C</b> Vendor must agree that all of its proposed guarantees shall be reconciled annually against actual results and shall be backed dollar-for-dollar such that King County is made whole if any guarantee fails to be met. Shortfalls in one component guarantee may <u>not</u> be offset by overages in another component guarantee.</p>	

Element	King County Proposal Requirements	Confirm Acceptance (Y/N)
Audit Rights	<p><b>Option: A, B and C</b></p> <p>Vendor must agree to provide unrestricted operational and financial audit rights — including appropriate access to rebate contracts and vendors’ willingness to disclose all sources of revenue and levels of funding from manufacturers. King County requires the ability to conduct these audits at any time during the contract term.</p> <p><b>Option: C only</b></p> <p>Vendor must agree to provide unrestricted operational and financial audit rights including appropriate access to pharmacy network contracts.</p>	
Generic Dispensing Rate Guarantee	<p><b>Option: A, B and C</b></p> <p>King County is seeking a vendor that will provide a generic dispensing rate guarantee at both retail and mail.</p>	
Network Reimbursement	<p><b>Option: A, B and C</b></p> <p>Vendor must adjudicate all retail claims at the lesser of:</p> <ul style="list-style-type: none"> <li>A. The contracted network discount + dispensing fee</li> <li>B. Maximum Allowable Cost (MAC) + dispensing fee</li> <li>C. The provider’s submitted Usual &amp; Customary (U&amp;C) amount.</li> </ul> <p>If network contracts authorize the pharmacy to collect a different amount (i.e., minimum reimbursement) even if U&amp;C or negotiated rate is less, vendor must agree to assume the financial risk for those contract arrangements.</p>	
Lowest Cost	<p><b>Option: A, B and C</b></p> <p>King County requires that its members always pay the lowest cost on prescription claims, based on the applicable copay, eligible/allowed charge and the pharmacy’s usual and customary (U&amp;C) amount (i.e., no “zero balance” billing).</p>	
Administrative Fees	<p><b>Option: A and B</b></p> <p>Administrative fees must be quoted on a paid claim basis only (i.e., no charge for denied or reversed claims).</p> <p><b>Option: C Only</b></p> <p>Administrative fees must be quoted on a PEPM basis.</p>	
Rebates	<p><b>Option: A and B</b></p> <p>Rebates must be proposed on a “per claim” basis only, inclusive of both brand and generic claims at retail and mail order (including all claims regardless of generic exclusivity status).</p> <p><b>Option: C Only</b></p> <p>All rebate proposals must be backed by a <u>minimum</u> ‘per claim’ guarantee, inclusive of both brand and generic claims at retail and mail order (including all claims regardless of generic exclusivity status).</p>	

Element	King County Proposal Requirements	Confirm Acceptance (Y/N)
Rebate Definition	<b>Option: A, B and C</b> Vendor must agree that “all pharmaceutical rebates” refers to base, formulary, incentive and market share rebates as well as related considerations, such as administrative and data fees, received from manufacturers in relation to the provision of King County’s utilization data to manufacturers for rebating, marketing and related purposes.	
Pricing Guarantees	<b>Option: A, B and C</b> Vendor must guarantee the financial elements of its proposal for the life of the contract.	

If necessary, King County will make adjustments to the financial proposals of vendors that do not adhere to these guidelines. If any of the proposed financial components are only guaranteed for a minimum number of covered lives, please specifically detail each guaranteed component and the corresponding minimum enrollment requirement. Vendors will first be evaluated on the competitiveness of the financial offer. Top respondents will then be evaluated on all other technical responses.

Complete the following table based on your retail network proposal(s) to King County.

Retail Pharmacy Network	Option A	Option B	Option C
Name of Network	Broad	Select	
Number of Retail Pharmacies			
List Major Chains NOT in This Network			
Length of Pricing Guarantees			
Pass-Through Pricing or Traditional	Traditional	Traditional	Pass-Through Pricing

Complete the following table for retail network **Option A**.

Retail Pricing		OPTION A
<b>Retail - Brand</b>		
<b>Brand Discount Formula</b>		Lower of AWP - ____% <b>OR</b> MAC + \$_____ dispensing fee <b>OR</b> U&C
A.	Is this formula an estimate or guarantee?	
B.	Does the discount formula proposed above <u>exclude</u> claims submitted with a U&C amount that is lower than the eligible charge?	
C.	Does the discount formula proposed above <u>exclude</u> claims submitted for MAC'd multi-source brand drugs in amounts that are lower than the eligible charge?	
D.	How does the Brand Discount Formula identified above differ from the actual retail pharmacy reimbursement formula?	
E.	<p>If retail pharmacies are reimbursed at the lower of U&amp;C pricing, provide the following based on King County's claims data provided at the August 16 Pre-proposal conference:</p> <p>The estimated % of brand Rx's where the U&amp;C is lower than the reimbursement formula.</p> <p>The estimated impact of U&amp;C pricing as a % of brand name eligible charges.</p>	
<b>Retail – Generic</b>		
<b>Generic Discount Formula</b>		Lower of AWP - ____% <b>OR</b> MAC + \$_____ dispensing fee <b>OR</b> U&C
A.	Is this formula an estimate or guarantee?	
B.	Does the discount formula proposed above <u>exclude</u> claims submitted with a U&C amount that is lower than the eligible charge?	
C.	Does the discount formula proposed above <u>exclude</u> claims submitted for MAC'd multi-source brand drugs in amounts that are lower than the eligible charge?	
D.	If not detailed above, are you willing to guarantee an overall effective AWP discount for retail generic drugs? If so, what is your guaranteed overall effective AWP discount?	
E.	How does the Generic Discount Formula identified above differ from the actual retail pharmacy reimbursement formula?	
F.	<p>If retail pharmacies are reimbursed at the lower of U&amp;C pricing, provide the following based on King County's claims data provided at the August 16 Pre-proposal conference:</p> <ol style="list-style-type: none"> <li>1. The estimated % of brand Rx's where the U&amp;C is lower than the reimbursement formula.</li> <li>2. The estimated impact of U&amp;C pricing as a % of brand name eligible charges.</li> </ol>	
<b>Retail – Specialty</b>		



Retail Pricing		OPTION A
<b>Specialty Discount Formula</b>		Lower of AWP - ____% <b>OR</b> MAC + \$_____ dispensing fee <b>OR</b> U&C
A.	Is this formula an estimate or guarantee?	
B.	Does the discount formula proposed above <u>exclude</u> claims submitted with a U&C amount that is lower than the eligible charge?	
C.	How does the Specialty Discount Formula identified above differ from the actual retail pharmacy reimbursement formula?	
D.	If not detailed above, are you willing to guarantee an overall effective AWP discount for retail specialty drugs? If so, what is your guaranteed overall effective AWP discount?	

Complete the table above for retail network **Option B and Option C**, as appropriate.

Complete the table below with the Financial Component Guarantees proposed to King County for retail network **Option A**.

Annual Retail Component Guarantees		2006	2007	2008
<b>Brand Drug Pricing</b>				
A.	Aggregate Discount	AWP - ____%	AWP - ____%	AWP - ____%
B.	Aggregate Dispensing Fee	\$_____ per Rx	\$_____ per Rx	\$_____ per Rx
<b>Generic Drug Pricing (MAC &amp; non-MAC combined)</b>				
C.	Aggregate Discount	AWP - ____%	AWP - ____%	AWP - ____%
D.	Aggregate Dispensing Fee	\$_____ per Rx	\$_____ per Rx	\$_____ per Rx

Complete the table above for retail network **Option B**, as appropriate.

Complete the table below for retail network **Option C**, as appropriate.

Annual Retail Component Guarantees		2006	2007	2008
<b>Brand Drug Pricing</b>				
A.	Minimum Aggregate Discount	AWP - ____%	AWP - ____%	AWP - ____%
B.	Maximum Aggregate Dispensing Fee	\$_____ per Rx	\$_____ per Rx	\$_____ per Rx
<b>Generic Drug Pricing (MAC &amp; non-MAC combined)</b>				
C.	Minimum Aggregate Discount	AWP - ____%	AWP - ____%	AWP - ____%
D.	Maximum Aggregate Dispensing Fee	\$_____ per Rx	\$_____ per Rx	\$_____ per Rx

If the vendor is offering a select or custom network, Option B, utilize King County's census information provided and details any contingencies (e.g., minimum enrollment). Provide an Excel file listing pharmacies in the State of Washington (NABP, name and address) that are excluded from the proposed Select Network. Your offering must provide adequate member access (including Vashon Island, Washington (ZIP code 98070)) and must also include a national wrap-around network.

Provide a sample report that will be provided to King County to demonstrate satisfaction of the Retail Component Guarantees proposed above and to calculate the penalty owed. Indicate how frequently this report will be provided and when penalties will be paid.

Confirm that retail drug pricing will be based on the AWP of the drug and package size dispensed (i.e., NDC-11) on the date of service as submitted by the retail pharmacy. Yes\_\_\_\_ No\_\_\_\_

Detail your source document or service that provides wholesale pricing information and indicate the frequency of AWP updates to your drug file.

Discuss any network re-contracting efforts, either planned or underway, that would affect King County's expenditures under your proposal, particularly with respect to the pass-through arrangement under **Option C**.

King County requires that its members always pay the lowest cost on prescription claims. For example, if the eligible charge (i.e., discounted ingredient cost + dispensing fee) for a claim is less than both the U&C amount and the copay, King County wants plan members to pay the eligible charge. To confirm this request, please complete the following table indicating the amount that would be collected from the plan member for each prescription claim scenario. Confirm your that the lowest cost methodology will apply to all network options (A, B and/or C) proposed.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Eligible Charge	\$12.00	\$12.00	\$60.00	\$60.00
Copay	\$16.00	\$16.00	20%	20%
U&C	\$20.00	\$13.00	\$20.00	\$10.00
<b>Amount Collected from Member</b>				

Confirm that if a member pays 100% of the cost of a prescription, either through the standard copayment or the required 'lowest of' logic above, King County will not be billed for any portion of the claim exclusive of any applicable administrative fees. Yes \_\_\_\_ No \_\_\_\_

If offering **Option C**, provide the new price (including dispensing fee) that would be billed to King County under the pass through arrangement for each processed claim in the claims file that will be provided at the August 16 Pre-proposal conference. **Your response will be treated as confidential and proprietary.**

Complete the following table with additional proposal guarantees as applicable:

Proposed Guarantee		Length (Years)
Generic Dispensing Rate – Retail		
Generic Dispensing Rate – Mail Order		
Generic Substitution Rate – Retail		
Generic Substitution Rate – Mail Order		
Other (please specify)		

For each guarantee proposed above, provide additional information as applicable:

How the savings or rate is measured, including the applicable formula.

The penalty that will be paid if the guarantee is not met and when it will be paid. Indicate any aggregate maximum penalties.

Provide a copy of the report that will be provided to the client to validate the guarantee.

#### Maximum Allowable Cost (MAC) Pricing – Retail Claims

Please detail any differences in your MAC offering for all network options (A, B and/or C) proposed.

Describe how your MAC program is developed and maintained and how frequently it is updated with new drug and pricing information.

For the MAC list you propose for King County, provide the following information as of August 1, 2005:

Name of MAC List:		
A.	Number of Generic Code Numbers (GCNs) on the MAC list <sup>3</sup> .	
B.	For those generic drugs subjected to MAC pricing, what is the average effective discount off AWP, <u>excluding</u> multi-source brands?	
C.	Will you guarantee this effective MAC discount (B) for King County?	
D.	Estimated % of generic claims (Rx) that will be MAC'd.	
E.	Estimated % of generic dollars (AWP) that will MAC'd.	

Complete Exhibit A based on King County's Top 200 generic drugs using your proposed MAC prices effective as of August 1, 2005.

Confirm that the same MAC list and unit pricing will be used for retail and mail order prescriptions claims. Yes \_\_\_\_\_ No \_\_\_\_\_

Disclose any exceptions or differences in how MAC pricing is administered from pharmacy to pharmacy.

Based on the network options you propose, is the MAC List and associated pricing applied to claims from network pharmacies identical to the MAC List and associated pricing invoiced to King County (i.e., no positive 'spread')? Yes \_\_\_\_\_ No \_\_\_\_\_

#### Mail Order Pricing

Please detail any differences in your mail order pricing offering for all network options (A, B and/or C) proposed.

Complete the following table based on the proposed mail order pricing for King County. *Note: Mail order pricing must be guaranteed for the entire contract term.*

Mail Order Pricing
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<sup>3</sup> If the proposed MAC list is GPI-based, use a GCN crosswalk to convert the number of GPIs to GCNs.

Brand AWP Discount	AWP - ____%
Brand Dispensing Fee (per claim)	\$____ per Rx
Generic AWP Discount	AWP - ____%
Generic Dispensing Fee (per claim)	\$____ per Rx

Provide the following information regarding the mail order AWP source and pricing:

Source document or service providing AWP

Frequency of updates to AWP file

Use of manufacturer's full 11-digit NDC code to determine AWP

Package size basis for typical book of business AWP formula

Use of acquisition package size AWP in pricing determination

If mail order pricing is based upon the actual dispensed package size, provide an estimate to demonstrate the value compared to discounts based on fixed package size of 100s or pints.

Do you, or your associated facilities if mail order is outsourced, repackage drug products for use in filling mail order prescriptions? Yes \_\_\_\_ No \_\_\_\_ If yes, does the AWP for repackaged drugs match the AWP of the same package size of the source labeler? Yes \_\_\_\_ No \_\_\_\_ If not, how do you establish AWP for your repackaged NDCs?

Will postage-paid return envelopes for refill orders be provided to King County's members along with their filled mail order prescription? Yes \_\_\_\_ No \_\_\_\_ Detail any envelope costs to members or to King County.

What amount is collected from the member when the mail order copay is greater than the discounted ingredient cost? Is there a minimum mail order charge? Yes \_\_\_\_ No \_\_\_\_

If the state in which your proposed mail order service facility is located enacts prescription tax legislation (i.e., King County's mail order claims become subject to taxation) during the contract term, will you move King County's mail order service to another facility located in a state without prescription tax laws? Yes \_\_\_\_ No \_\_\_\_ If yes, will you do so at no cost to King County?

### Specialty Pharmacy Program Pricing

King County is seeking a vendor that provides unrestrictive operational and financial audit rights — including access to rebate contracts and vendors' willingness to disclose all sources of revenue and levels of funding from manufacturers.

Provide your contracted definition of "specialty drugs." What factors determine the products' inclusion or exclusion from your specialty program? Describe your procedure for handling specialty pharmaceuticals not included in the contract (e.g., newly approved drugs).

Once a generic is available for medication in the specialty program, will it continue to be covered under your specialty pharmacy program? Yes \_\_\_\_ No \_\_\_\_

Complete Exhibit B with your proposed specialty program pricing for King County.

What discount is available for drugs not specified in this proposal?

For comparison purposes if you do not provide a price for a drug listed in Exhibit B, it will be assumed your company does not stock/dispense that drug.

Confirm that your pricing includes an adequate supply of ancillary items, such as, needles, syringes, alcohol swabs, sharp containers, etc.

Detail your source document or service that provides wholesale pricing information for specialty medications and indicate the frequency of AWP updates to your drug file.

Confirm that you will provide King County with a 30-day notice of price changes on mail order specialty products. Yes \_\_\_\_ No \_\_\_\_

Confirm your willingness to review and amend, if necessary, the pricing schedule for specialty medications with King County on an annual basis. The schedule will be reviewed for improved discount and/or rebate opportunities as competition increases in the specialty drug marketplace. Yes \_\_\_\_ No \_\_\_\_

### Administrative Fees

Complete the following table regarding your administrative fee proposal to King County. *Note: Administrative fees must be guaranteed throughout the contract term.*

Administrative Fees		Option A	Option B	Option C
A.	Network Claims Processing	_____ per paid Rx	_____ per paid Rx	_____ PEPM
B.	Mail Order Claims Processing	_____ per paid Rx	_____ per paid Rx	_____ PEPM
C.	Out of Network and Paper Claims			
D.	Standard Reporting			
E.	Ad Hoc Reporting			
F.	Online Reporting Tool			
G.	Plan Design/Formulary Modeling Support			
H.	Scheduled Pharmacy Data Extracts to Third-Party Vendors			
I.	Standard COB Administration			
J.	Medicare COB Administration and Subrogation			
K.	Program Enrollment Materials: - Welcome Packet, Member Handbook - ID Cards - Replacement ID Cards			
L.	Member Communication Materials: - Benefit Design/Coverage Change Notification - Clinical Program Update/Change Notification - Customization Costs - Distribution Costs			
M.	Quarterly Explanation of Benefits (EOB) Statements			
O.	Other (please specify)			

Clinical Fees		Option A	Option B	Option C
A.	Basic Concurrent DUR			
B.	Retrospective DUR			
C.	Quantity Limitation System Edits & Support			
D.	Prior Authorization (PA) Edits & Support			
E.	Duration of Therapy Edits & Support			
F.	Step Therapy Edits & Support			
G.	Administrative/Technical PA Reviews/Overrides			
H.	Clinical PA Reviews/Overrides (Quantity limits, Step Therapy, Prior Authorization, etc.).			
I.	Preferred Drug			

Clinical Fees		Option A	Option B	Option C
	Education/Compliance			
J.	First Level Appeal Determinations			
K.	Second Level Appeal Determinations, if required			
L.	Physician Profiling Report Cards			
M.	Therapeutic Interchange			
N.	Other (please specify)			

### Rebates

King County is seeking a vendor that will provide full transparency in all components of rebate administration, including a willingness to disclose all sources of revenue received from manufacturers (e.g., all data, administrative, and manufacturer fees; pharmaceutical grants, etc.).

In conjunction with your network pricing proposal(s) complete the following table regarding your rebate proposal to King County for **Option A**. *Note: All rebates must be guaranteed on a 'per claim' basis throughout the entire contract term.* Complete the table above with your rebate proposal for pricing **Option B and Option C** as appropriate.

Rebates		2006	2007	2008
A.	Retail Rebate Per Claim	\$____ per Rx	\$____ per Rx	\$____ per Rx
B.	Mail Order Rebate Per Claim	\$____ per Rx	\$____ per Rx	\$____ per Rx
C.	Are these minimum rebate guarantees or flat guarantees?			
D.	Based on the guarantees above, what percentage of the total rebates collected (e.g., base, incentive and formulary) will be shared with King County?			

If the rebates proposed in either option above are minimum guarantees, please confirm that 100% of the total rebates earned in excess of the guarantees will be paid to King County. Yes \_\_\_\_ No \_\_\_\_

Describe the frequency of measurement and payment of the formulary rebates. Provide a sample rebate report in your proposal. Indicate your willingness to allocate rebate payments to King County on a monthly basis, rather than a traditional quarterly payment arrangement that is often associated with significant lag times.

Confirm your ability to provide reporting detail to King County by drug, manufacturer, unit amount and type of rebate received (e.g., base, formulary, incentive, market share, other, etc.). Yes \_\_\_\_ No \_\_\_\_ Please provide a sample report that meets these criteria with your response.

Are the rebate guarantees outlined above contingent upon King County implementing specific formulary management programs (e.g., therapeutic interventions)? Yes \_\_\_\_ No \_\_\_\_ If so, please describe.

Confirm your willingness to disclose all other levels of pharmaceutical manufacturer revenue or funding your organization receives on behalf of managing King County's prescription drug benefit plan. Yes \_\_\_\_ No \_\_\_\_

State your willingness to allow King County representatives or a third party designated by King County to audit your formulary rebate program, including the processes for reporting data to manufacturers, accounting for rebates earned and allocating rebate payments to King County. The designated auditor shall operate under a confidentiality agreement covering all external parties as well as other divisions of its firm. Clearly explain any conditions to which the audit process will be subjected. Yes \_\_\_\_ No \_\_\_\_

List and describe any requirements for participating in your rebate program for specialty drugs. Specifically indicate any restrictions in Formulary, plan design, clinical intervention programs. Note all requirements and/or limitations. Is your organization willing to offer a minimum rebate guarantee? Yes \_\_\_\_ No \_\_\_\_

Implementation Credit or Allowance

Detail any implementation credit or allowance that you are proposing. Include the following information in your proposal:

the amount

how it can be used

when and how it will be paid

required documentation from the client.

Confirm that King County may use the implementation credit, if any, to offset consulting fees associated with this procurement, including fees incurred prior to the January 1, 2007 implementation date. Yes \_\_\_\_ No \_\_\_\_

If selected as the winning vendor, confirm your willingness to increase your proposed implementation credit by 50 percent if the rebating and pricing sections of your first draft of the contract do not match the pricing listed in this proposal. Yes \_\_\_\_ No \_\_\_\_

Funding and Contracting

Describe the claim funding process and address the following points:

Payment options

Billing frequency

Due dates

Grace period

Late payment procedures

Interest penalties

Automated Clearing House (ACH) payments and requirements.

King County requires that the request for claim payment will be sent by fax. Please confirm you can meet this requirement. Yes \_\_\_\_ No \_\_\_\_

Describe the administration fee billing process and address the following points:

Payment options

Billing frequency

Due dates

Grace period

Late payment procedures

Interest penalties.

Confirm your ability to process/manage administration fee billing as outlined below:



Self bill based on King County monthly eligibility file including retroactivity

Ability to go back 1 year for retroactivity (on a rolling 12 month basis).

Confirm that any payment remittance will have the option for ACH or Wire transfer.

Describe any additional cost to King County due to taxes and address the following points:

Type of tax (e.g., sales, usage, service, etc.)

Level of taxes

Applicability of taxes (e.g., state of prescribing, dispensing, or shipment)

Estimate of annual tax.

Do you have any advance deposit requirements? If so, can they be waived for King County?

## Service Performance Guarantees

### Ongoing Service Performance Standards

<b>AGGREGATE PENALTY LIMIT</b> (TOTAL DOLLARS AT RISK, NOT TO EXCEED)	\$_____ per year <sup>†</sup>
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<sup>†</sup> Exclusive of implementation guarantee

Indicate agreement with the guaranteed terms of the service performance standards outlined below by completing the tables below.

Clearly indicate whether a performance report for each service area is currently available or if one would have to be developed. Provide an example of the recommended report, a description of the changes to existing sample reports to be modified, or a description of the format and layout of reports to be developed. Clearly explain how the report to be used demonstrates satisfaction of the guaranteed performance standards and highlight the example report.

Confirm that the service performance standards outlined below will be monitored internally by the vendor on a monthly basis and reported to King County. Each performance standard shall be reported according to the appropriate measurement—client-specific or book-of-business.

Confirm that the service performance standards outlined below indicating book-of-business will be measured by the vendor for all vendor customers utilizing the same process platform.

Will King County be responsible for requesting performance evaluation reports and penalty payments?

Confirm that each performance guarantee may be audited on an annual basis upon request.

For guarantees that are measured quarterly, indicate your willingness to put 25% of the annual penalties at risk for payment each quarter (i.e., four targets per year versus one).

King County reserves the right to allocate the percent of the penalty at risk for each performance guarantee and agrees that no more than 15 percent of the aggregate amount at risk allocated to any one performance standard.

King County requires the ability to audit performance metrics at any time during the contract term. In the event the performance guarantees are not met, vendor must agree to pay for a re-audit six months after the identified failure.

Service Performance Standard	Guarantee	Agree	Reporting
<b>1. Pharmacy Network Access</b> <i>For each proposed network:</i> As measured by the number of participants with access to a network pharmacy within three (3) miles of their home ZIP code (where a pharmacy exists), divided by the total number of participants. Measured on a client specific basis.	≥ 98.5%	Y/N	Y/N
Penalty Amount	Amount	Agree	Evaluation
Percent of total annual penalties at risk	To be allocated by King County	Y/N	Annual

Service Performance Standard	Guarantee	Agree	Reporting
<b>2. Network Pharmacy Management</b> As measured by the number of network pharmacies audited on-site each year, divided by the total number of network pharmacies. Measured on a book of business specific basis.	≥ 3%	Y/N	Y/N
Penalty Amount	Amount	Agree	Evaluation
Percent of total annual penalties at risk	To be allocated by King County	Y/N	Quarterly

Service Performance Standard	Guarantee	Agree	Reporting
<b>3. Retail and Mail Order Claims Processing Accuracy</b> Based on the vendor's internal quality review. Calculated as all claims audited and found to be without error of any form, divided by all claims audited. Measured on a client specific basis.	> 99.7%	Y/N	Y/N
Penalty Amount	Amount	Agree	Evaluation
Percent of total annual penalties at risk	To be allocated by King County	Y/N	Quarterly

Service Performance Standard	Guarantee	Agree	Reporting
<b>4. Mail Order Dispensing Accuracy</b> Percent of all mail order claims dispensed accurately with no errors according to the prescription written and the client's plan design. Calculated as the total number of non-conformance events divided by the total number of prescriptions dispensed. Measured on a client specific basis.	≥ 99.995%	Y/N	Y/N
Penalty Amount	Amount	Agree	Evaluation
Percent of total annual penalties at risk	To be allocated by King County	Y/N	Quarterly

Service Performance Standard	Guarantee	Agree	Reporting
<b>5. Mail Order Claims Processing Time</b>			
a. Measured in business days from the date a prescription drug claim is received by the vendor (either via paper, phone, fax, or Internet) to the date it is mailed. Calculated as the number of 'clean' prescription claims processed within two (2) business days divided by the total number of 'clean' prescription claims received. (Note: Therapeutic interchange prescriptions are considered NO intervention) Measured on a client specific basis.	95% within 2 business days	Y/N	Y/N
b. Measured in business days from the date a prescription drug claim is received by the vendor (either via paper, phone, fax, or Internet) to the date it is mailed. Calculated as the number of prescription claims requiring intervention processed within five (5) business days divided by the total number of prescription claims received that require intervention. Measured on a client specific basis.	100% within 5 business days	Y/N	Y/N
<b>Penalty Amount</b>	<b>Amount</b>	<b>Agree</b>	<b>Evaluation</b>
Percent of total annual penalties at risk	To be allocated by King County	Y/N	Quarterly

Service Performance Standard	Guarantee	Agree	Reporting
<b>6. Customer Service</b>			
a. The amount of time that elapses between the time a call is received into a customer service queue to the time the phone is answered by a Customer Service Representative (CSR). Measurement excludes calls routed to IVR. Calculated as the number of calls answered within 30 seconds divided by the total number of calls answered by a CSR. Measured on a book of business specific basis.	≤ 30 seconds	Y/N	Y/N
b. Percentage of calls that are not answered by the PBM vendor (caller hangs up before call is answered by a CSR). Calculated as the number of calls that are not answered divided by the number of calls received in queue. Measurement excludes calls routed to IVR and includes calls abandoned within the first twenty (20) seconds. Measured on a book of business specific basis.	< 2%	Y/N	Y/N
c. Percent of calls blocked. Measured on a book of business specific basis.	< 2%	Y/N	Y/N
d. Percent of written inquiries responded to within 5 business days - Response time for all participant-written inquiries will be based on the number of calendar days subtracting the date received at PBM from the date the response was sent. Measured on a book of business specific basis.	> 95%	Y/N	Y/N
e. Percent of written inquiries responded to within 10 business days - Response time for all participant-written inquiries will be based on the number of calendar days subtracting the date received at PBM from the date the response was sent. Measured on a book of business specific basis.	100%	Y/N	Y/N

Penalty Amount	Amount	Agree	Evaluation
Percent of total annual penalties at risk	To be allocated by King County	Y/N	Quarterly

Service Performance Standard	Guarantee	Agree	Reporting
<b>7. System Downtime</b> The percent of time the system will be unavailable to retail pharmacies for claims processing as measured by the number of hours the system is unavailable divided by the total number of hours within the reporting period. Measured on a book of business specific basis.	1% or less	Y/N	Y/N
Penalty Amount	Amount	Agree	Evaluation
Percent of total annual penalties at risk	To be allocated by King County	Y/N	Monthly

Service Performance Standard	Guarantee	Agree	Reporting
<b>8. Client Specific Member Satisfaction Survey</b> Based on the results of the vendor's annual survey to King County's plan participants with at least 200 respondents. Measured as the number of "satisfied" to "highly satisfied" survey ratings divided by the total number of survey responses. Measured on a client specific basis.	≥ 90%	Y/N	Y/N
Penalty Amount	Amount	Agree	Evaluation
Percent of total annual penalties at risk	To be allocated by King County	Y/N	Annual

Service Performance Standard	Guarantee	Agree	Reporting
<b>9. Eligibility Processing</b> a. The percent of usable, error-free program eligibility transactions received and loaded by the vendor with 100% accuracy within 24 hours of receipt. The vendor shall provide King County with weekly reporting demonstrating the accuracy of eligibility transactions. Measured on a client specific basis.  b. The amount of time that elapses between when eligibility is loaded and when ID cards are mailed. Measured on a client specific basis.	100% within 24 hours or less   5 days	Y/N   Y/N	Y/N   Y/N
Penalty Amount	Amount	Agree	Evaluation
Percent of total annual penalties at risk	To be allocated by King County	Y/N	Monthly

Service Performance Standard	Guarantee	Agree	Reporting
<b>10. Account Service - Responsiveness</b> Calculated as the number of calls returned or responded to by an account service representative within 24 hours of receipt divided by the total number of calls received. Measured on a client specific basis.	100%	Y/N	Y/N
Penalty Amount	Amount	Agree	Evaluation
Percent of total annual penalties at risk	To be allocated by King County	Y/N	Quarterly

Service Performance Standard	Guarantee	Agree	Reporting
<b>11. Account Service – Client Specific Satisfaction Survey</b> Designated members of King County benefits staff will complete an annual report card to evaluate the vendor's account team, or the overall service performance. Guarantee will be measured using a mutually agreed upon survey tool to be developed and modified, if necessary, on an annual basis. Scorings can be pass/fail or based on a rating such as: 5 = Outstanding 4 = Commendable 3 = Satisfactory 2 = Needs Improvement 1 = Unacceptable Account team is typically scored on: - Technical Knowledge - Accessibility - Interpersonal skills - Communication skills - Overall performance Vendor's overall service may be scored on such dimensions as: - Proactive communication of issues and recommendations - Timeliness and accuracy of reports - Responsiveness to day-to-day needs - Adequacy of staffing and training - Ability to meet performance standards Measured on a client specific basis.	≥ 90%	Y/N	Y/N
<b>Penalty Amount</b>	<b>Amount</b>	<b>Agree</b>	<b>Evaluation</b>
Percent of total annual penalties at risk	To be allocated by King County	Y/N	Annual

Service Performance Standard	Guarantee	Agree
<b>12. Standard Reporting</b> a. The vendor will mail Billing Detail reports to King County within 10 business days following the end of the billing cycle. b. All standard quarterly performance reports will be delivered to King County within 30 days following the close of the quarter. c. All online reports will be available for viewing and download to King County within 15 days following the end of each month. Measured on a client specific basis.	100%	Y/N
	100%	Y/N
	100%	Y/N
<b>Penalty Amount</b>	<b>Amount</b>	<b>Agree</b>
Percent of total annual penalties at risk	To be allocated by King County	Y/N

## One-time Service Performance Standards

Define an implementation guarantee as outlined below:

Implementation	Guarantee
Measured by vendor's ability to complete four (4) mutually accepted key milestones in an accurate and timely manner according to the vendor's detailed implementation project plan.	Y/N
Conditions or Exceptions	Y/N (if Yes, please explain)
Total Amount at Risk	\$ _____

Please confirm that all financial payments due to King County (e.g., missed Performance Guarantees, implementation funds, etc.) will be paid via check directly to King County. Yes\_\_\_\_ No\_\_\_\_

### Pharmacy Network Analysis

Complete a network geo-access analysis for each of your proposed network options and respond to the questions below. Note: A census file with member information, ZIP code and group/plan codes for King County's members has been provided in Appendix C. Provide a list of the major chain pharmacies that are excluded in each proposed network.

Provide an Excel file listing pharmacies in the State of Washington (NABP, name and address) that are excluded from the proposed narrow network option (as applicable).

For each proposed network, complete the following table based on the results of your geo-access analysis using the census file provided. Note: The sum of items D and E should equal 100 percent.

<INSERT NAME OF NETWORK>	Mileage Standard as Measured by Driving Distance			
	Urban (1 mile)	Suburban (3 miles)	Rural (10 miles)	Total
A. Number of network pharmacies				
B. Number of plan participants included in geo-analysis				
C. Number of plan participants <u>not</u> included in geo-analysis				
D. Percent of participants with network access within standards				
E. Percent of participants without network access within standards				
F. Avg. distance to nearest network pharmacy for participants without standard access				

Explain why the participants in Item C were not included in the analysis.

Based on your response to Item E above, complete the following table with the urban, suburban and rural ZIP codes where the access standard is not met but a pharmacy exists within one, three and 10 miles, respectively:

State	City	ZIP Code	# of Members	Distance to Nearest Network Pharmacy

For the ZIP codes identified in question 4 above, describe the process and approximate time required to increase network participation in order to achieve the network access performance standard.

Confirm if you have a network pharmacy on Vashon Island, Washington (ZIP code 98070). Yes \_\_\_\_ No \_\_\_\_  
If yes, provide the NABP number.

Describe the process that allows King County or its members to recommend pharmacies for addition to the network. How quickly do you contact pharmacies after they are recommended to you?

Indicate the process for excluding a pharmacy from the network if it has been determined that the services provided by that pharmacy are below standards with regards to quality and accuracy. Indicate any penalties associated with the request to remove a pharmacy from the network.

What is the minimum requirement in liability coverage for network pharmacies (per occurrence and in aggregate)?



### 8.3 Appendix A - King County Pharmacy Plan Design Summary

Currently, King County active employees and Law Enforcement Officers and Fire Fighters (LEOFF) 1 retirees (excluding Deputy Sheriffs group that has Rx benefits integrated with their insured plans) have the following benefit designs:

	Active Employees	LEOFF 1 Retirees *
Copays		
Generic		
Retail	\$10	\$0
Mail Order	\$20	\$0
Preferred Brand		
Retail	\$15 \$20 when generic available	\$0
Mail Order	\$30 \$40 when generic available	\$0
Compounds	\$20 (formulary with no generic available)	\$0
Non-Preferred Brand		
Retail	\$25 \$30 when generic and/or preferred brand available	\$0
Mail Order	\$50 \$60 when generic and/or preferred brand available	\$0
Day Supply Limit and Early Refill Threshold	Generic: 30 days – 75% used Mail Order: 90 days – 50% used	
OTC Covered as Standard Covered Drugs	Controlled substance 5 OTCs (i.e., Robitussin AC syrup, Naldecon-OX) Insulin/Diabetic supplies/needles and syringes/pen cartridge or other special injection devices Injection devices Alcohol Swabs Lancets, lancet devices Blood/urine glucose testing strips Ketone testing strips Glucose tabs Glucagon emergency kit Emergency allergy reaction kit Contraceptives (oral, injectable, vaginal, topical, implantable) Emergency contraceptives Ostomy supplies Pre-natal vitamins Prescription smoking cessation Topical smoking cessation patches – Rx and OTC All injectables – unless otherwise noted	
Dispense As Written (DAW) Penalties	DAW 1 (physician requests brand name): Except for narrow therapeutic index (NTI) medications, when physician requests brand name dispensed, the member pays the brand copay plus the	

	<p>difference between the cost of the brand and the generic medication.</p> <p>DAW 2 (member requests brand name): If the member requests brand name dispensed the member pays the brand copay plus the cost difference between the brand and generic medication.</p>
Drug Exclusions	<p>Therapeutic devices/appliances including hypodermic needles, syringes, support garments, non-medical supplies regardless of intended use</p> <p>OTC – except as listed above</p>
* LEOFF I retirees do not require the same prior authorization as regular employees	

#### 8.4 Appendix B - 2004 Cost and Utilization Summary Data

##### Utilization Data 7/1/2004 - 6/30/2005

###### **Total Average Membership**

Active Employees	9,697
LEOFF 1 Retirees	197
Other Retirees	267
COBRA	149
Dependents	15,400
Total	25,710

<b>Retail</b>	<b>Scripts</b>	<b>Undiscounted AWP</b>
Non-Formulary Brand	9,803	\$1,196,950
Formulary Brand	104,868	\$12,981,889
Total Retail Brand	114,671	\$14,178,838
Generic	128,797	\$5,589,767
Total Retail	243,468	\$19,768,605

<b>Mail</b>	<b>Scripts</b>	<b>Undiscounted AWP</b>
Non-Formulary Brand	1,304	\$441,149
Formulary Brand	14,464	\$5,278,117
Total Mail Brand	15,768	\$5,719,266
Generic	12,007	\$1,731,685
Total Mail Order	27,775	\$7,450,951

## 8.5 **Appendix C - Census Data**

Please see Appendix C – GeoAccessCensus.xls

The control totals based on the number of benefit-eligible employees as of May, 2005 is provided in the table below.

Actives:	9,697
Retirees:	267
LEOFF I Retirees	197
COBRA:	149

## 8.6 **Appendix D - King County Health Reform Initiative**

King County is facing an urgent need to effectively contain the rise in employee health care costs. The County's benefits budget, without intervention, is expected to increase at a rate of 11% or more per year for at least the next five years. That is an increase in spending from the current level \$144 million in 2005 to \$219 million in 2009. The County is not alone in this experience--double digit inflation in health care costs has plagued employers locally, regionally and nationally for a decade and industry projections indicate the general trend will continue. This level of increase is unsupportable in the long term and will result in a financial crisis for the County if nothing is done to address the problem.

### **Health Advisory Task Force**

In December 2003, King County Executive Ron Sims convened a broad-based leadership group, the King County Health Advisory Task Force (HAT Force), to develop an integrated short- and long-term strategy to address systemic problems underlying increasing concerns regarding health care costs, quality and delivery in the Puget Sound region. The HAT Force produced two reports that were reviewed by the Council and adopted in Motions 11890 and 12023. The report adopted by Motion 12023 dealt with regional strategies. However, that report also included a lengthy discussion of implementing workplace-based health promotion and Disease Management programs. The report adopted by Motion 11890 dealt with the County's internal strategies for managing employee health benefits. In summary, the HAT Force recommended that the County focus on reducing the "demand side" of health care by moving employees and family members with higher risk to lower risk, keeping those with lower risk healthy, and teaching consumers how to make more effective health care choices. Key action steps suggested by the HAT Force reports included:

4. Use employee surveys and focus groups to determine the most relevant and effective health communication programs for employees and their families;

Conduct an analysis of the County's health care utilization data to determine areas of intervention that will have the greatest predicted impact on decreasing health care costs; and

Create health benefit designs that motivate employees and their families to choose recognized quality providers, actively participate with their providers in their own health care decisions, participate in wellness and prevention activities, and manage chronic health conditions.

The County has acted on all three of the HAT Force action recommendations related to King County benefits.

Additionally, the report recommended the formation of a public/private regional collaborative effort committed to system-wide transformation aimed at improving the quality of care and controlling health costs in the four-county region of King, Kitsap, Pierce and Snohomish counties. The result was the formation of the Puget Sound Health Alliance. The Puget Sound Health Alliance is comprised of health care professionals, large and small businesses and governments who purchase health care, health plans and consumers to address better ways of providing and receiving quality health care.

## **Employee Survey and Focus Groups**

First, the County conducted an employee survey and focus groups in the spring of 2004 to determine the current level of understanding, attitudes, and readiness for change related to 1) the health care crisis, 2) issues around choosing health care plans, 3) using health care services and 4) managing personal health care. Response from employees was significant, with over 37 percent responding to the survey, and more than 115 employees participating in 15 focus groups. (Employee surveys are considered by researchers to be valid with an 18 percent return, and highly successful with a 25 percent return.) One of the strongest themes that emerged from the survey was employees' desire for website access for employees and family members that would assist them (among other things) to learn about general health issues, decide on plans that best fit their needs, obtain information on quality providers and enroll in their benefits. Employees also indicated very strong interest in having access to nurse advice lines and online Web health information databases, and in participating in Disease Management programs.

An equally important theme expressed in the survey and focus groups was employees' concern that their personal health information must be kept absolutely confidential in accordance with HIPAA (Health Information Portability and Accountability Act) and not be released directly to their employer, King County.

## **Health and Productivity Analysis**

Second, in July, 2004, King County hired Mercer Human Resources Consulting to 1) conduct a detailed health and productivity analysis on the County's actual health care utilization in both the KingCare (PPO) and Group Health (HMO) plans and, 2) develop predictive modeling to determine programs that will contribute to significant reduction in the rate of health care cost growth and show a good return on investment. The analysis showed that 5 percent of members in the KingCare plan had health conditions that accounted for 58 percent of the total costs in the plan, and 20 percent accounted for 83 percent of all costs, with very similar results for the Group Health population. The report found that cancers and heart disease were leading diagnoses among members with the most expensive claims, while low back pain, reported depression, asthma and diabetes caused the highest number of claims for the rest of the population. The report also predicted that high stress, high body mass index, tobacco use and high blood pressure are prevalent in the County population and are significant contributors to future chronic disease and cost. As a result of these findings, Mercer recommended that the County implement the following programs to control its overall health care costs and improve the health and productivity of its employees:

Case management (telephone outreach to members needing hospital or other specialized care)

Disease prevention/early detection programs (disease-specific screening, clinically developed models that predict when and how risk factors are most likely to become a full-blown chronic condition)

Chronic Disease Management programs for asthma, diabetes, coronary artery disease, chronic heart failure, depression and low back pain

Nurse advice line and patient access to health/health care information databases

Provider best practices (target providers to improve efficiency and quality of service)

Health Risk Assessment (tool used to determine an individual's specific risk of developing chronic disease and the individual's readiness to make lifestyle changes that reduce that level of risk)

Targeted health behavior change (individually tailored messaging to provide specific next steps to individuals seeking to make lifestyle changes as a result of a Health Risk Assessment)

### **Health Reform Initiative Policy Direction**

Third, the County's Health Reform Initiative Policy Committee, comprised of senior members of the executive's office and key department directors, developed a set of policy directions to be used in designing and negotiating the benefit plans with the Joint Labor Management Insurance Committee (JLMIC)<sup>4</sup>. These policy directions, which take into consideration the HAT Force recommendations, all of the research and recommendations from the original internal benefits committee<sup>5</sup>, the employee surveys, and the health and productivity analysis, include:

Improve the health of County employees and their families;

Reduce the rate of growth of medical plan costs by one-third (this equates to approximately \$40 million for the 2007 – 2009 benefit plan years);

Avoid County-mandated premium share;

Allow flexibility to address emerging innovation in either vendor or community-based programs;

Be consistent with all HAT Force recommendations; and

Be administratively feasible.

Consistent with these directions and goals, the County has negotiated the *Healthy Incentives* benefits framework for 2007-2009 with the JLMIC. The *Healthy Incentives* framework is designed to achieve the one-third reduction in trend over the 2007 – 2009 benefits period through Disease Management, expanded case management and high performance specialist network programs, Health Risk Assessment and Targeted Behavior Modification, and other minor changes in the out-of-pocket cost sharing.

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<sup>4</sup> Because the County is highly unionized (87%) and has 97 separate bargaining units, benefits are bargained in coalition in three-year cycles through the Joint Labor Management Insurance Committee.

<sup>5</sup> Early in 2003, a group consisting of benefits experts from inside county government was assembled to determine how King County could achieve real, significant and lasting cost containment through both short-term savings and long-term reform in its own system. This internal team conducted a focused research effort to seek best practice approaches from research institutes as well as actual applications.

## **8.7 Appendix E - King County Business Associate Agreement**

Please see Appendix E – KC Boilerplate HIPAA.doc



## 8.8 Appendix F - Acronym List

Acronym	
ACH	Automated Clearing House
ASO	Administrative Services Only
AWP	Average wholesale Price
BAA	Business Associate Agreement
COB	Coordination of Benefits
CSR	Customer Service Representative
DEA	Drug Enforcement Administration
DUR	Drug Utilization Review
EDI	Electronic Data Interchange
EOB	Explanation of Benefits
ERISA	Employee Retirement Income Security Act
GCN	Generic Code Number
GDR	Generic Dispensing Group
GPO	Group Purchasing Org
HATF	Health Advisory Task Force
HIPAA	Health Insurance Portability and Accountability Act
HRA	Health Risk Assessment
JLMIC	Joint Labor Management Insurance Committee
IVR	Interactive Voice Response
LEOFF	Law Enforcement Officers' and Fire Fighters
MAC	Maximum Allowable Cost
NABP	National Association of Boards of Pharmacy
NDC	National Drug Code
PBM	Pharmacy Benefit Manager
PDA	Personal Digital Assistant
PDL	Preferred Drug List
POS	Point of Sale
RFP	Request for Proposal
ROI	Return on Investment
RTS	Refill Too Soon
SPD	Summary Plan Description
SSL	Secure Socket Layer
SSN	Social Security Number
U&C	Usual & Customary
URC	Usual Reasonable and Customary
XML	Extensible Markup Language

## **8.9    Exhibits**

### **Exhibit A - Top 200 MAC Generic Drugs by Volume**


Exhibit A - Top 200 MAC Generic Drugs by Volume.xls

### **Exhibit B - Specialty Drug Pricing**

Exhibit B - Specialty Drug Pricing.xls

**Article I.      Enclosure**  
**BID OPENING LABEL**

Complete the form below (or a reasonable facsimile thereof) and affix to the exterior lower left hand corner of the submission package.

<b>U R G E N T – SEALED BID ENCLOSED</b>	
<b>Do Not Delay – Deliver Immediately</b>	
<div style="border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"></div> <p><b>King County</b></p>	<div style="display: flex; justify-content: space-between;"><div style="writing-mode: vertical-rl; transform: rotate(180deg); color: red; font-weight: bold; font-size: 1.2em;">U R G E N T</div><div style="text-align: right; padding-right: 10px;"><p>King County Procurement &amp; Contract Services Section Exchange Building, 8<sup>th</sup> Floor 821 2nd Ave., EXC-FI-0862 Seattle, WA 98104-1598</p></div><div style="writing-mode: vertical-rl; color: red; font-weight: bold; font-size: 1.2em;">U R G E N T</div></div> <div style="margin-top: 10px;"><p><b>Bid No.</b> <input style="width: 100%;" type="text"/></p><p><b>Bid Title</b> <input style="width: 100%;" type="text"/></p><p><b>Due Date</b> <input style="width: 100%;" type="text"/></p><p><b>Vendor</b> <input style="width: 100%;" type="text"/></p></div>